

HILL END GOLD LIMITED  
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2007

**APPENDIX 4D REPORT TO ASX**

**HILL END GOLD LIMITED  
ACN 072 692 365**

**HALF YEAR REPORT**

**Half Year Ended 31 December 2007**

			<b>\$A'000</b>	
Revenue from ordinary activities	up	150%	to	<b>442</b>
Profit (loss) after tax from ordinary activities attributable to members	up	10%	to	<b>(352)</b>
Net Profit (loss) after tax attributable to members	up	10%	to	<b>(352)</b>
Dividends	<b>Amount per Security</b>		<b>Franked amount per security at 30% tax</b>	
Final dividend	-		-	
Interim dividend	-		-	
Record date for the determination of results	<b>n/a</b>		<b>n/a</b>	

**This half-year report is to be read in conjunction with the annual financial report the year ended 30 June 2007**

## HILL END GOLD LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Hill End Gold Limited for the six months ended 31 December 2007

### **Directors**

The Directors of Hill End Gold Limited during the financial period and up to the date of this report are:

Alfred Lampard Paton (Chairman)  
Philip Francis Bruce (Managing Director)  
Graham Charles Reveleigh (Director)  
Ian Noel Stuart Sloan (Director)  
Bruce Geoffrey Thomas (Director)

### **Principal Activities**

The principal activities of the Company during the financial period were the exploration for minerals and development of the Hill End Project Area at Hill End, New South Wales.

### **Review of Operations**

During the period under review, the Company continued exploration and development activities in the Hill End Project Area and commenced early exploration of the Murray Basin tenements. The company recorded a loss from ordinary activities of \$352,000 (2006: \$394,000).

### **Corporate**

During the period the Company raised an amount of \$0.226 million through the exercise of 1.469 options at 15 cents each.

### **Exploration**

Hill End Gold has acquired additional exploration properties in the Hill End Project area and preparations commenced to diamond drill the Big Nugget Hill zone at Hargraves, located about 35km north of Hill End. The Company is targeting a resource potential of 4 – 5 million ounces interpreted to exist below shallow workings within the under-explored Hill End Anticline.

### ***Hawkins Hill – Reward Gold Project***

During the period, underground development on the Amalgamated level advanced to the Reward area high grade gold vein sets and a number of high grade veins were intersected along the way. The potential production area being targeted for underground bulk sampling now encompasses the whole Hawkins Hill-Patriarch-Reward area and planning is underway for new development to access above and below the Amalgamated level. A raise bore hole will be drilled and equipped for access from surface to the Amalgamated level in the Exhibition area. Further diamond drilling to expand mineral resources and explore for extensions is planned for the Amalgamated level, and at Hawkins Hill, Scandinavian, Germantown, Red Hill, Valentine's and Hargraves areas.

Based on the old workings at Hawkins Hill, Patriarch and Reward and the drilling results in the area, the strike length of the individual Hawkins Hill – Reward vein sets is interpreted to be approximately one kilometre and open along strike to the north.

The 2007 initial high grade mineral resource estimate for part of the Reward area was 124,400 tonnes at 19g/tAu. Underground development through some vein sets within this resource has found that the actual grade for the resource may be significantly higher than the current estimates.

A new 5 tonnes per hour gravity gold recovery plant has been constructed at the Amalgamated portal area. It is proposed to open up the high grade Exhibition area and sample and process the Paxton's and Steven's vein sets and to sample other vein sets in the Exhibition, Cornelian, Patriarch and Hawkins Hill areas to open up the Reward high grade area target potential, which is expected to be of the order of 100,000 tonnes at 20 –30g/t.

The underground bulk sampling may lead to the development of the Reward underground project as a small, though profitable, high grade operation.

### ***Future Exploration***

Additional targets in the Hill End Project area include Hargraves areas at Big Nugget Hill and Tucker's Hill and recently acquired targets at Windeyer. Drilling will be undertaken on these areas other in close proximity to Hill End to provide additional sources of high grade material for a proposed, larger central treatment facility.

### ***Other Exploration***

Tenements in the Murray Basin have been applied for and some have been granted over interpreted extensions of the Victorian goldfields into New South Wales. These tenements are located along the border with Victoria and will be more extensively explored during the coming year.

The Company submission to the Lao PDR government for a Foreign Investment licence and a Mineral Reconnaissance and Exploration Agreement for the Lak Sao Project area in Laos has progressed during the past six months. Final approval is expected during the coming quarter.

**Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs in the Company during the half year.

**Rounding of Amounts to nearest Thousand Dollars.**

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities Commission relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2007.

**This report is made in accordance with a resolution of the directors.**



**ALFRED PATON**  
Chairman  
Sydney 21 February 2008



**PHILIP BRUCE**  
Managing Director

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Hill End Gold Limited**

I declare that, to the best of my knowledge and belief, in relation to our review of Hill End Gold Limited for the half-year ended 31 December 2007 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

**WHK HORWATH**



**D W Langdon  
Principal  
Brisbane, 21 February 2008**

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*Total Financial Solutions*

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HILL END GOLD LIMITED

INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Notes	Half year Ended 31 Dec 2007 \$'000	Half year Ended 31 Dec 2006 \$'000
Revenues	2	442	177
ASX / Registry Expenses		(43)	(51)
Travel and Accommodation Expenses		(44)	(64)
Directors Emoluments		(306)	(159)
Office Expenses		(28)	(30)
Professional Services		(104)	(97)
Depreciation Expense		(49)	(31)
Advertising / Promotions Expenses		(45)	(10)
Other expenses		(175)	(131)
<b>Loss before income tax expense</b>		<b>(352)</b>	<b>(394)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(352)</b>	<b>(394)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.15)	(0.37)
Diluted earnings per share		0.01	(0.19)

*The accompanying notes form part of these financial statements.*

**HILL END GOLD LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	31 Dec 2007 \$'000	30 June 2007 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	12,142	17,516
Trade and other receivables	224	75
<b>Total Current Assets</b>	<u>12,366</u>	<u>17,591</u>
<b>Non-Current Assets</b>		
Other non-current assets	278	218
Property plant & equipment	1,294	456
Capitalised exploration and tenement expenditure	13,426	8,818
<b>Total Non-Current Assets</b>	<u>14,998</u>	<u>9,492</u>
<b>Total Assets</b>	<u>27,364</u>	<u>27,083</u>
<b>Current Liabilities</b>		
Trade and other payables	1,039	644
Short-term provisions	62	50
<b>Total Current Liabilities</b>	<u>1,101</u>	<u>694</u>
<b>Non-Current Liabilities</b>		
Trade and other payables	-	-
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,101</u>	<u>694</u>
<b>Net Assets</b>	<u>26,263</u>	<u>26,389</u>
<b>Equity</b>		
Issued capital	30,090	29,864
Retained losses	(3,827)	(3,475)
<b>Total Equity</b>	<u>26,263</u>	<u>26,389</u>

*The accompanying notes form an integral part of these financial statements.*

**HILL END GOLD LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>Share Capital Ordinary \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 31 December 2006</b>	14,188	(3,014)	11,174
Profit (loss) attributable equity shareholders		(461)	(461)
Shares issued during the year	15,676		15,676
Subtotal	29,864	(3,475)	26,389
Dividends paid or provided for	-	-	-
<b>Balance at 30 June 2007</b>	<u>29,864</u>	<u>(3,475)</u>	<u>26,389</u>
<b>Balance at 1 July 2007</b>	29,864	(3,475)	26,389
Profit (loss) attributable equity shareholders		(352)	(352)
Shares issued during the year	226		226
Subtotal	30,090	(3,872)	26,263
Dividends paid or provided for	-	-	-
<b>Balance at 31 December 2007</b>	<u>30,090</u>	<u>(3,872)</u>	<u>26,263</u>

*The accompanying notes form part of these financial statements.*



**HILL END GOLD LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>Half Year Ended 31 Dec 2007 \$'000</b>	<b>Half Year Ended 31 Dec 2006 \$'000</b>
<b>Cash Flows From Operating Activities</b>		
Interest received	442	77
Payments to suppliers and employees	(547)	(755)
Other	-	100
	<hr/>	<hr/>
Net cash inflows (outflows) from operating activities	(105)	(578)
	<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>		
Exploration expenditure	(4,607)	(829)
Payments for property plant & equipment	(888)	(39)
	<hr/>	<hr/>
Net cash inflows (outflows) from investing activities	(5,495)	(868)
	<hr/>	<hr/>
<b>Cash Flows From Financing Activities</b>		
Proceeds from the issue of shares	226	3,491
Other (Costs of Issue)	-	(76)
	<hr/>	<hr/>
Net cash inflows from financing activities	226	3,415
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash Held</b>	(5,374)	1,969
Cash at the Beginning of the Financial Year	17,516	1,633
	<hr/>	<hr/>
<b>Cash at the End of the Financial Year</b>	<b>12,142</b>	<b>3,602</b>
	<hr/>	<hr/>

*The accompanying notes form an integral part of these financial statements.*

## HILL END GOLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

#### 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

##### Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: "Interim Financial Reporting", Australian Standards Board Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The interim half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the interim half-year financial report be read in conjunction with the Annual Financial Report of Hill End Gold Limited as at the 30 June 2006. It is also recommended that the half-year financial report be considered together with any public announcement made by Hill End Gold Limited during the half year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Hill End Gold Limited is a company incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs.

The report was approved by the Board of Directors on 21 February 2008.

##### Significant Accounting Policies

The accounting policies applied by the company in this interim financial report are the same as those applied by the company in its financial report for the previous financial year and the corresponding interim reporting period.

##### Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the company's financial report as at and for the year ended 30 June 2007.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
<b>2. REVENUE</b>		
<b>Revenue from outside the operating activities</b>		
Interest received	442	77
Option Fee	-	100
	<u>442</u>	<u>177</u>

**3. SEGMENT INFORMATION**

**Business Segments**

The Company operates in the mining industry in Australia only. Operations comprise the exploration, development and mining of precious minerals.

**4. CAPITAL AND RESERVES**

	31 Dec 2007 Number	31 Dec 2006 Number
<b>Ordinary Shares</b>		
Balance at 1 July	238,058,242	95,640,114
Shares Issued	1,510,351	36,290,740
Balance at 31 December	239,568,593	131,930,854

**Share Capital**

The company recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Issuance of ordinary shares	226	3,891

**5. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**HILL END GOLD LIMITED**  
**DIRECTORS DECLARATION**

The directors of the Hill End Gold Limited declare that:

1. The financial statements and notes as set out on pages 5 to 10:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations;
  - (b) give a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

  
**Alfred Paton**  
Chairman

  
**PHILIP BRUCE**  
Managing Director

**Sydney**  
**21 February 2008**

**INDEPENDENT AUDITOR'S REVIEW REPORT - HILL END GOLD LIMITED**

**To the members of Hill End Gold Limited**

We have reviewed the accompanying half-year financial report of Hill End Gold Limited ("the Company"), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hill End Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hill End Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**WHK HORWATH**



**D W Langdon**  
Principal  
Brisbane, 21 February 2008

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*Total Financial Solutions*

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**HILL END GOLD LIMITED  
CORPORATE DIRECTORY**

**Directors**

Alfred Lampard Paton  
Non Executive Chairman

Philip Francis Bruce  
Managing Director

Graham Charles Reveleigh  
Executive Director

Ian Noel Stuart Sloan  
Non Executive Director

**Company Secretary**

Kevin Martin Lynn

**Australian Company Number**

072 692 365

**Registered Office**

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**Share Registry**

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