



ABN 74 072 692 365

ANNUAL REPORT

30 JUNE 2018

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CORPORATE DIRECTORY

Directors

Ernest Thomas Eadie
Non-Executive Chairman

Martin McFarlane
Managing Director

David Leavy
Finance Director

Graham Charles Reveleigh
Non-Executive Director

Robert Boston
Non-Executive Director

Company Secretary

Kevin Martin Lynn

Australian Business Number

74 072 692 365

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48 Martin Place
Sydney NSW 2000

Stock Exchange Listing

Hill End Gold Limited shares are listed on the
Australian Securities Exchange (ASX code: HEG /
HEGOC)

MANAGING DIRECTOR'S REPORT

OVERVIEW

The past year has been a period of significant change and activity for the Hill End Gold Limited Group. We acquired the Yendon high purity alumina (HPA) project near Ballarat, Victoria and subsequently successfully produced market-quality 99.99% HPA from Yendon kaolin, published a long-life kaolin resource estimate and undertook a pre-feasibility study of the Yendon HPA project which returned outstanding technical and economic results.

The Hill End gold assets underwent a strategic review which recommended that the Group test their value in the market. At the time of writing, the process for marketing the gold assets was still underway.

Our recent focus has been on examining options to reduce the capital cost of the HPA project and on producing a detailed definitive feasibility scope of work and budget for the Yendon HPA project.

HIGHLIGHTS OF THE PAST YEAR

- Acquisition of Yendon HPA Project completed.
- Resource drilling on the kaolin deposit at Yendon, Victoria outlined a substantially larger kaolin zone than expected based on drilling undertaken in the 1980s.
- Announcement of a long life, high grade maiden kaolin resource estimate for Yendon of 3.68Mt of in-situ kaolinised material (Measured and Indicated) which, when beneficiated, will convert to 1.59Mt of kaolin concentrate containing 34.68% Al₂O₃.
- Initial metallurgical test work returned exceptional results with Yendon kaolin successfully refined into high purity alumina of 99.995% purity.
- Yendon kaolin sizing test work confirmed Yendon kaolin ore was readily beneficiated to a kaolin concentrate with screening at -63 microns removing 54% of the mass comprising mainly coarse silica. The remaining kaolin concentrate increased grade to more than 33% Al₂O₃ while maintaining low contaminant levels.
- Pre-feasibility Study (PFS) found the Yendon HPA project was technically robust and has the potential to generate outstanding financial returns.
- In light of the strong PFS, commenced detailed planning for the Definitive Feasibility Study with the aim of capturing opportunities identified in the PFS to further reduce capital and operating costs.
- The Group's Board was strengthened with the appointment of highly experienced battery minerals executive Tom Eadie as Chairman, Martin McFarlane as Managing Director, David Leavy as Finance and Marketing Director and Robert Boston as a Non-Executive Director.
- A strategic review of the Hill End gold assets by PCF Capital concluded that there was likely to be good market interest in these assets. At the time of writing this report, PCF Capital was running the gold assets sale process with multiple parties in the data room.
- Highly experienced marketing consultants appointed to undertake marketing in China and the rest of Asia as part of the strategy to secure long-term offtake agreements for the Yendon HPA project.

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HPA PROJECT ACQUISITION

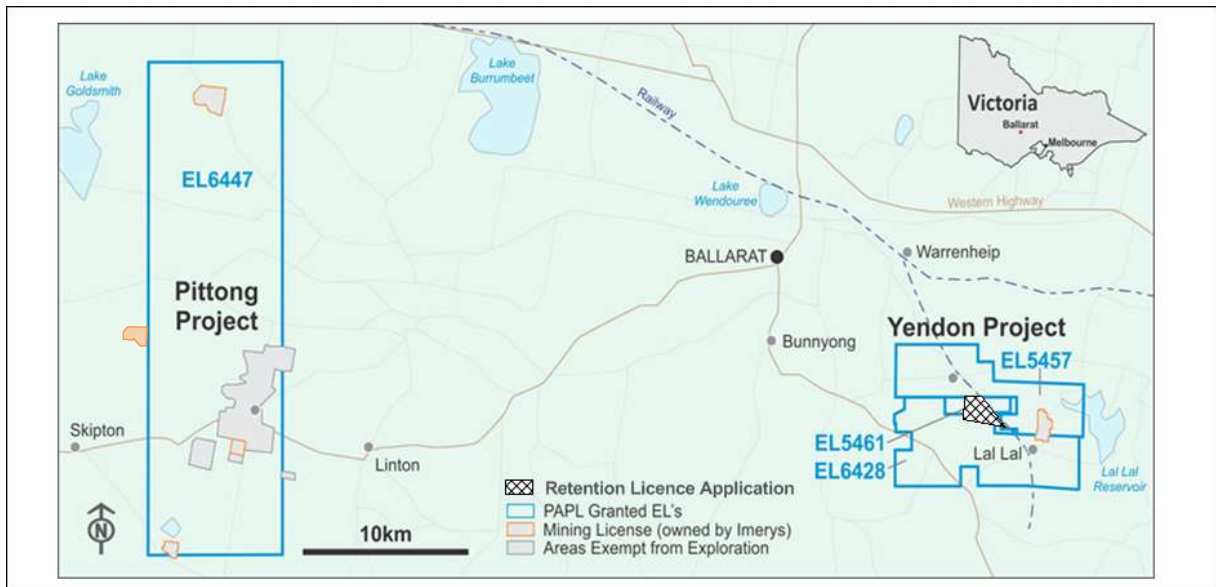
On 28 August 2017, the Group announced the completion of conditions precedent to acquire the rights, title and interests in granted exploration licences, tenement applications and the entire issued share capital of Pure Alumina Pty Ltd (ACN 618 881 137), a company associated with Tolga Kumova and Tom Eadie, for its HPA Project. The terms of the acquisition are summarised as follows:

- HEG is operator of the assets and will meet all costs;
- HEG issued 8 million shares and paid \$100,000 in cash to the vendors who appointed one director, Mr David Leavy, to the HEG board;
- On completion of a Preliminary Feasibility Study, HEG will issue 20 million shares to the vendors and HEG will own the tenements, HPA information and related rights;
- Completion of a viable Definitive Feasibility Study (DFS) is expected to occur within 2 years and at such time HEG will issue \$1.5 million worth of shares to the vendors at the lesser of 20c per share and 30 day VWAP, with a floor price of 10c per share;
- If a viable DFS is not achieved within two years, then \$100,000 will be paid per year, pro rata per month, until achieved or up to 31 December 2022; and
- Upon receipt of sales contracts for 100% offtake arrangement for 1.5 times the payback period, HEG will issue \$500,000 in shares to the vendors at the lesser of 20c per share and 30 day VWAP, with a floor price of 10c per share.

The Annual General Meeting on 9 October 2017 ratified the resolutions in respect of this acquisition.

HPA PROJECT

The HPA Project tenements (Exploration Licences 5457, 5461, 6447 and 6428 and Retention Licence Application RL006734) are located near Ballarat, Victoria at Pittong and Lal Lal in areas where kaolin mining and processing have continued for decades. The Yendon kaolin deposit near Lal Lal, Victoria is located on EL5457 and EL5461, where previous drilling for the paper and filler markets was done during the 1980s.



HEG HPA Project location near Ballarat, Victoria

MANAGING DIRECTOR'S REPORT

Yendon Pre-feasibility Study (PFS) Results

Annual HPA Production	8,000 tpa +99.99% Al₂O₃
Capital Cost	\$271 million (incl contingencies of \$53m)
Capital Cost per t of HPA	\$33,875 based on 8,000 tpa HPA
Average Cost of Production	\$7,668 /tonne of HPA
Forecast Sale Price	\$25,200 /tonne
Average EBITDA	\$133 million per annum
Payback Period	4.1 years
Project NPV @ 10%	\$692m
IRR	34%

Notes 1 All monetary amounts contained in the PFS are in US dollars

2 PFS Risks and Assumptions

Refer to announcement titled, "PFS Results," dated 14 June 2018. HEG confirms that all material assumptions and risks underpinning the pre-feasibility study continue to apply and have not materially changed.

Risk includes, Resource, Technology, Market, Permitting and Financing Risk. HEG currently does not have sufficient funds to construct and commission the Yendon HPA project. Due to the strong economic results from the PFS, HEG believes there are reasonable grounds to expect that sufficient funding will be available to finance the US\$271 million capital development cost of the project. A number of funding sources may be available to HEG, including but not limited to: access to debt finance facilities; access to equity funding from capital markets; and funding from other sources such as potential off-take agreements, equipment suppliers and / or government business development financing. Securing funding is not normally contemplated at the PFS stage of a project. HEG's funding requirements depend on numerous factors, including the completion of a Definitive Feasibility Study.

In June, the Group announced that a PFS found that its Yendon High Purity Alumina Project in Victoria would be technically and financially robust. The PFS demonstrated that Yendon will deliver strong financial returns, underpinned by a low capital cost of US\$271 million on projected annual production of 8,000 tonnes of HPA grading 99.99% aluminium oxide.

Production costs are expected to be extremely competitive at \$7,668 a tonne. This would ensure Yendon HPA project enjoys robust margins, approaching 70%, based on a conservative sale price of \$25,200/t.

The internal rate of return is forecast to be 34 per cent.

Directors believe the revenue assumptions contained in the PFS are conservative. This view is supported by the test work which showed that HPA produced from kaolin mined at Yendon comfortably exceeds the 99.99% alumina specification and pricing assumed in the PFS.

The price of HPA rises as purity increases, meaning that revenue from HPA produced from the Yendon HPA project may exceed that assumed in the PFS.

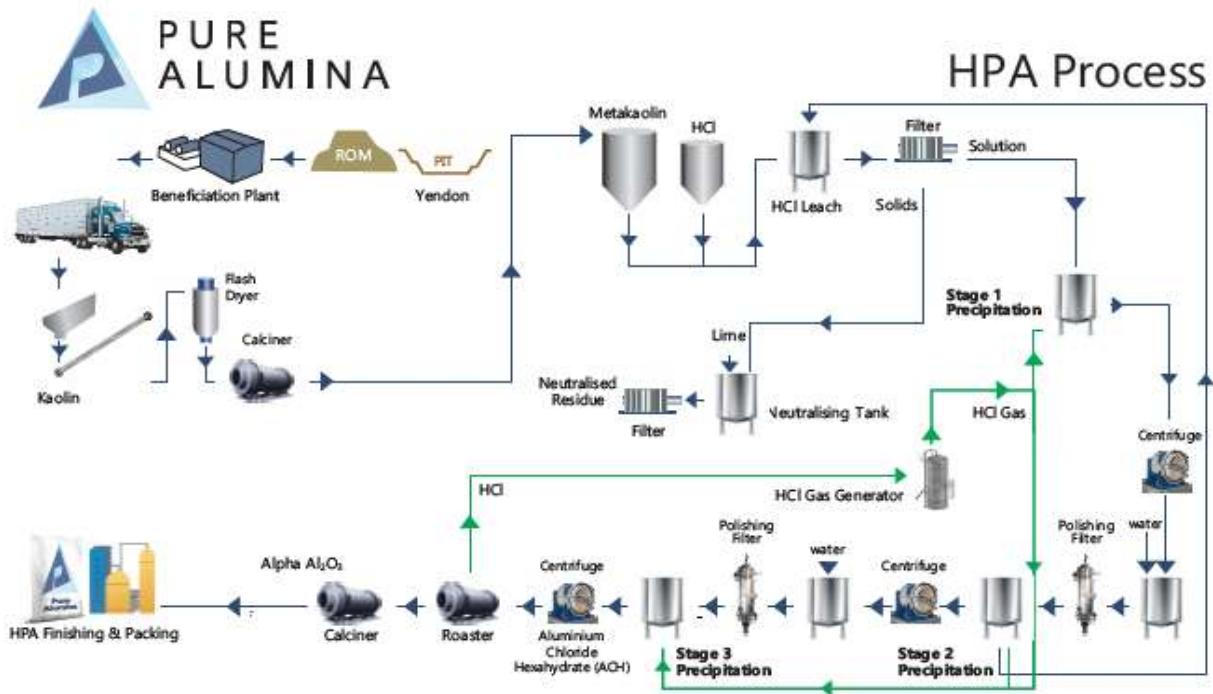
The PFS is underpinned by:

- a substantial high-grade kaolin resource near Ballarat, Victoria that contains low levels of deleterious impurities;
- a shallow open pit mine design with low stripping ratios, which can be efficiently contract mined without blasting, crushing or grinding;
- simple beneficiation by screening the kaolin ore at the mine site to remove 57% of the ore mass comprising mainly coarse silica, upgrading the ore to a 35% Al₂O₃ concentrate for transport to the hydrometallurgical process facility (HPF);
- significant metallurgical test work which has defined a robust chemical process to convert Yendon kaolin to HPA. This process is based on the industry-standard process derived from the US Bureau of Mines published and public data customised by Hill End specifically for the Yendon orebody;
- confirmation via this developed chemical process that Yendon kaolin can produce high purity alumina exceeding 99.99% alumina;
- development of a simple and effective process flow diagram using commercially proven, and largely "off the shelf", operations that result in competitive capital and operating costs to produce HPA with low environmental impact; and

MANAGING DIRECTOR'S REPORT

- adoption of a conservative HPA selling price of \$25,200/ tonne for 99.99% HPA over the life of the project, which is at the bottom end of the current HPA market price range as established by independent market analyst Roskill.

The Defined Process Flow Sheet



A risk and opportunity analysis was completed as part of the PFS. This resulted in a very high level of confidence in the ability of the process path to produce HPA to the necessary specification on a reliable basis. A number of opportunities were identified that may enhance revenue and/or reduce capital and operating costs. A focus going forward will be to fully investigate these opportunities to capture the benefits.

Definitive Feasibility Study

The outcomes of the PFS provided significant encouragement to commence a Definitive Feasibility Study (DFS) immediately. The scope of the DFS is currently under development in conjunction with Primero, BHM and other key consultants. The key focus of the DFS will be:

- metallurgical and engineering design studies, including the development of a locked cycle pilot plant to enable commercial samples of Yendon HPA to be trialled by potential customers;
- location study to optimise the operating conditions for the project;
- detailed construction and commissioning plan;
- advance discussions with potential offtake partners;
- lower capital and operating costs; and
- engagement with potential finance partners to work through the DFS process.

HEG intends to conduct further test work on the HPA produced from Yendon to establish if a 99.999% (5N) specification can be achieved. Insights gained from test work undertaken for the PFS have provided confidence that the steps needed to produce 5N HPA can be incorporated in the process flow diagram for Yendon.

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An updated project schedule is outlined below:

Objective	Delivery Date
Define DFS scope	Q3 2018
Deliver DFS and pilot plant	Q3 2019
Secure project funding	Q1 2020
Construct Yendon HPA project	Q3 2022
Commission Yendon HPA project	Q4 2022

Metallurgical test work completed for the pre-feasibility study included:

- beneficiation to remove silica;
- roasting;
- acid leaching;
- purification;
- crystallisation and washing optimisation tests, and
- final calcination.

To delineate a maiden kaolin JORC 2012 resource estimate, a 126-hole aircore drilling program was completed on the initial target kaolin deposit at Yendon at predominantly 50m x 50m spacing to a depth of 10-30m. The program outlined a kaolin deposit which was 3-4 times bigger than expected based on drilling done in the 1980s. Approximately 900 kaolinised samples from the air core drilling program were dispatched to LabWest Mineral Analysis in Perth for optimal beneficiation sizing test work and assay analysis for the maiden resource estimate.

In February, Hill End announced an outstanding maiden kaolin resource estimate for Yendon, marked by an extensive inventory, exceptionally high grades and low impurities.

The maiden resource estimate at Yendon is 3.68 million tonnes of in-situ kaolinised material (Measured and Indicated). When this is beneficiated by wet screening to recover the -63 micron fraction, 1.59 million tonnes of kaolin concentrate containing 34.68% Al₂O₃ is produced.

Table 1: Yendon Kaolin Mineral Resource estimates - January 2018

Class	Tonnage (Mt)		<63 µm Concentrate Grades (%)								
	In situ	Concentrate	Mass Rec	Al ₂ O ₃	CaO	Fe	K ₂ O	MgO	Na ₂ O	SiO ₂	TiO ₂
Measured	1.73	0.75	43.13	35.08	0.08	0.79	0.19	0.09	0.16	47.84	1.13
Indicated	1.95	0.84	43.14	34.33	0.07	0.85	0.25	0.10	0.17	48.94	1.12
Total	3.68	1.59	43.14	34.68	0.08	0.82	0.22	0.10	0.17	48.42	1.12

Note: The estimates are based on a block cut-off concentrate grade of $\geq 30\%$ Al₂O₃.

Assays used to calculate the resource estimate reveal that the Yendon mineralisation is of extremely high quality, containing almost 35% alumina and very low levels of impurities such as iron, titanium and potassium (see table 1), making it easier and potentially less costly to process to high purity alumina.

The Yendon resource is very uniform. A very high cut-off grade of 30% Al₂O₃ in concentrate was applied which resulted in minimal diminution of the resource. There is also immense scope to grow the resource further, as the Yendon deposit remains open to the north and there are additional kaolin targets on these tenements. Drilling was halted, while still intersecting substantial intervals of kaolinized material, once sufficient material had been identified for the project.

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The Yendon kaolin deposit primarily consists of fine kaolin and coarse silica particles. Sizing test work was undertaken to determine the optimal cut size to concentrate the kaolin by removing the coarse silica. The sizing test work was conducted on a representative 25kg composite of fifty air core samples. The composite was wet screened in a sieve series from 1mm to 45 microns and all fractions were weighed and assayed.

Beneficiation sizing

Size (Microns) 100% passing	Yield%	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %
1000	77.5	21.0	67.1	0.87	0.58
106	49.8	32.2	49.9	0.93	0.89
75	47.5	32.9	48.7	0.94	0.92
63	46.3	33.2	48.2	0.95	0.93
53	44.9	33.4	47.7	0.96	0.95
45	43.6	33.6	47.3	0.97	0.96

As shown in the above table, optimal beneficiation sizing test work has provided exceptional results with ~80% of the Al₂O₃ in the Yendon ore reporting to the -63um fraction with ~90% kaolin content. This confirms that a high purity kaolin concentrate can be beneficiated at the mine site as an excellent feedstock for the HPA hydrometallurgical processing facility, reducing the volume of material transported and processed, reducing operating costs and size of the processing plant compared to similar projects.

A small composite bulk sample of the drilled deposit was metallurgically tested under the management of BHM Process to assist with test parameters for the PFS bulk sample and to produce a high purity alumina product for initial marketing and offtake discussions.

Testing has shown that the kaolin is very amenable to a conventional acid leach process to remove impurities. The tests have indicated that rapid leaching at moderate temperature and rapid precipitation of the intermediate aluminium chloride product is possible with exclusion of the minor contaminants. Purification of the aluminium chlorohydrate is similarly effective, with rapid crystallisation of alumina from solution leaving most of the impurities behind.

In January, Hill End announced that the metallurgical test work had returned exceptional results demonstrating that kaolin from Hill End's Yendon deposit near Ballarat in Victoria could be converted to HPA exceeding 99.99% purity. Importantly, Hill End's initial test sample contained low levels of the specific deleterious elements that concern HPA consumers.

This test work consisted of two leach and precipitation cycles. The PFS metallurgical test work is based on three leach and precipitation cycles, which is expected to lead to a decrease in impurity levels, yielding a higher purity product which may attract higher prices.

Element*	Assay
Al ₂ O ₃ (alumina)	99.995%
Iron	21.5 ppm
Sodium	12.3 ppm
Magnesium	6.8 ppm
Calcium	2.6 ppm
Arsenic	2.3 ppm
Zinc	1.6 ppm
Manganese	1.1 ppm
Potassium	0.3 ppm
Gallium	0.2 ppm
Lead	0.2 ppm
Barium	0.2 ppm
Tungsten	0.1 ppm
Copper***	< 1 ppm
Silicon***	< 1 ppm
Boron***	< 1 ppm
Other**	0.7 ppm

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- * Analysis were conducted using induced coupled plasma mass spectrometry. Results shown are for elemental assays not the chemical compound the element may be present as. Volatile elements such as Chlorine, Sulphur, Phosphorus, Carbon and Oxygen were not tested as the analysis method was not suitable or the detection limit was insufficiently sensitive.
- ** includes 51 other elements analysed for whose results were each below 0.1ppm.
- *** certain elements were tested for but not detected and have been included at the detection limit of the equipment.

In March, Hill End appointed Eileen Hao to the key role of General Manager and Chief Representative, China and more recently Robert Sills as General Manager Asia excluding China.

The Asian market accounts for more than 70% of global HPA demand and forecast growth. Therefore, developing relationships with key HPA buyers in Asia will help ensure that our final product meets their specific requirements. This is a crucial step to secure offtake agreements.

Ms Hao is a highly experienced marketing consultant with an extensive network in Chinese industries which consume high purity alumina (HPA). Ms Hao has more than 25 years' experience in industrial minerals, metals and applications, spanning a variety of minerals and metals, including kaolin, lithium, graphite, nickel, cobalt, alumina, titanium, vanadium, zirconium, rare earths and battery materials.

Mr Sills has an extensive network in the Japanese and South Korean industries which consume material quantities of high purity alumina (HPA) garnered from 24 years' experience across a number of industry sectors in commercial and business development functions including telecoms, precious metals, diamonds, kaolin and specialised materials such as rare earths, graphite and lithium. Companies represented range from junior developers to global corporates such as Rio Tinto.

Competent Persons' Statement

The information in this statement that relates to the Mineral Resource estimates is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd. Rod Brown is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 edition). The information in this statement that relates to the geology, drilling, and sampling is based on work done by Mike Ware. Mike Ware is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 edition).

JORC Code

All information within this Quarterly Report relating to Maiden JORC (2012) Kaolin Resource for the Yendon HPA Project is referred to above as Table 1 appended into ASX market release "Initial Kaolin Resource" dated 12 February 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

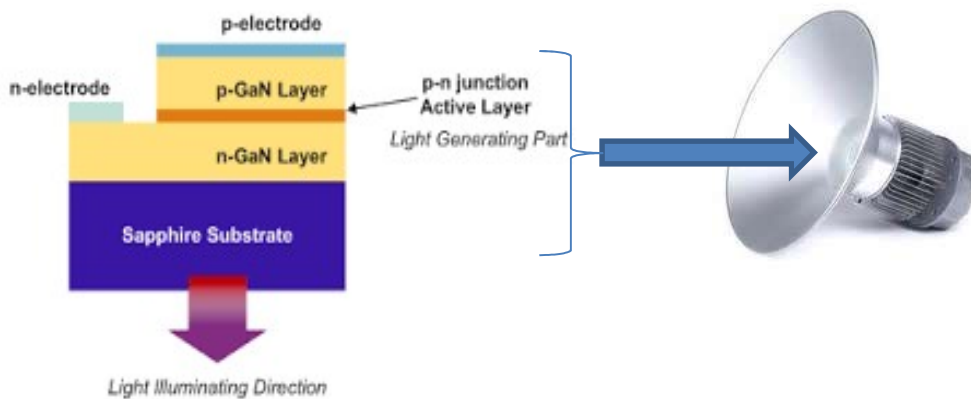
MANAGING DIRECTOR'S REPORT

What is HPA?

High purity alumina (HPA) is aluminium oxide with a purity level that is 99.99% (4N) or more. Demand for HPA is approximately 25,000 tonnes per annum and growing strongly at rates exceeding 10% per annum. More than 85% of HPA is converted into synthetic sapphire for use in the LED lighting, semi conductor and phosphor markets, among other uses. Demand for HPA is forecast to accelerate as it becomes more widely used as a coating on the separator in lithium batteries to prevent them from overheating and catching fire. Battery safety will be a key consideration as electric vehicles increase market share.

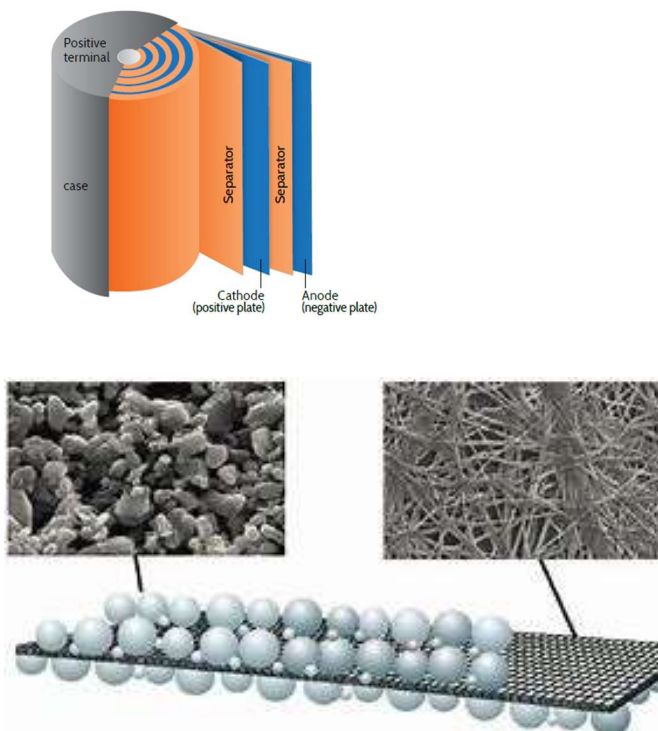
Supply of HPA has traditionally been produced by oxidising expensive aluminium metal. Hill End Gold's process to produce HPA from low cost kaolin is potentially disruptive to current HPA manufacture due to its forecast lower operating costs. Hill End's aim is to supply into the growth in the HPA market so as to not unduly disrupt the market.

Synthetic Sapphire in LED Lighting



Synthetic sapphire substrates are used in high brightness LEDs due to their excellent conductivity / electrical resistance and optical qualities for low energy, high power and long life span LED lighting.

Lithium batteries



HPA coating of the lithium battery Separator significantly improves the thermal management capabilities of the battery. The larger the battery, higher the charge density and faster the charge rate, then the greater the benefits of using HPA coated separators.

MANAGING DIRECTOR'S REPORT

GOLD PROJECTS

In June 2018, the Group announced its decision to test the market for its gold assets.

The decision followed the results of a strategic review conducted by PCF Capital Group (PCF). The review included a full assessment of the extensive database on the assets and recommended that there is likely to be solid interest in their sale. The Group's decision also comes in light of the positive results of the Pre-Feasibility Study on Yendon.

PCF is now well advanced with a formal sales process which will seek to secure an outcome for the assets during Q4 2018. Currently, multiple parties are in the data room reviewing the project.

HILL END GOLD LIMITED

ABN 74 072 692 365

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Hill End Gold Limited and the subsidiaries it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The Directors of Hill End Gold Limited during the financial year and until the date of this report are:

Ernest Thomas Eadie Chairman, appointed 3 July 2018
Martin McFarlane Managing Director, appointed 1 November 2017
David Leavy Finance Director, appointed 21 July 2017
Robert Boston Non-Executive Director, appointed 21 December 2017
Graham Charles Reveleigh Non-Executive Director
Philip Francis Bruce Executive Chairman / Managing Director, resigned 21 December 2017
William Joseph Condon Non-Executive Director, resigned 1 November 2017

Principal Activities

The principal activities of the Group during the financial year were exploration activities on its Victorian kaolin tenements and New South Wales gold tenements at Hill End and the completion of a pre-feasibility study on its proposed high purity alumina project based on the Victorian kaolin deposit.

There were no significant changes in the nature of the principal activities during the year.

Review of Operations

The Group incurred a pre-tax operating loss of \$9,317,552 (2017: loss \$1,220,087). This result includes:

- a loss of \$232,859 at the Hill End site due to administration and depreciation of site plant and equipment
- HPA project expenses of \$228,464,
- impairment of exploration and development properties of \$7,449,285, and
- net corporate overheads of \$1,406,944.

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2017 – nil).

The net assets of the Group have decreased by \$4,395,874 being the net of:

- a net increase in capital and reserves of \$4,921,678,
- the operating loss for the year of \$9,317,552, and

The capital structure of the Group at report date is:

- 147,790,933 fully paid ordinary shares;
- 42,200,000 listed options exercisable at 7.5 cents per share up to 30 July 2020;
- 2,600,000 unlisted director options exercisable at 7.5 cents per share up to 30 July 2020;
- 26,600,000 listed options exercisable at 20 cents per share up to 30 July 2020.

Significant Changes in the State of Affairs

On 17 July 2017 the Group announced it had signed a binding Asset Sale Agreement to acquire all the rights, title and interests in granted exploration licences, tenement applications and the entire issued capital of Pure Alumina Pty Ltd. On 28 August 2017 the Company issued 8,000,000 ordinary shares at \$0.06 per share and paid \$100,000 to the vendors under the terms of the Asset Sale Agreement.

DIRECTORS' REPORT continued

On 10 August 2017 the Group announced it had appointed CPS Capital Group to lead manage a placement of 10 million ordinary shares at 6 cents per share to raise \$600,000. For each new share one option will be issued exercisable at 7.5 cents per share and expiring 30 July 2020. On 28 August 2017 the Company issued 7,262,968 ordinary shares at 6 cents per share pursuant to the first tranche of the placement which raised \$435,778. The Group sought and gained shareholder approval for the allotment of 2,737,032 shares and 10,000,000 options pursuant to the second tranche of the placement which raised \$164,222 on 13 October 2017. At the same time a further 1 million options were issued to CPS Capital Pty Ltd under its mandate agreement.

On 9 November 2017 the Group announced that CPS Capital Pty Ltd has been appointed to raise up to \$3.5 million by the placement of up to 35 million ordinary shares with one free attached option exercisable at 20 cents per share and expiring 30 July 2020. 15 million ordinary shares were issued on 17 November 2017 to raise \$1.5 million. Shareholder approval was sought and gained at an extraordinary general meeting held on 21 December 2017. A further 26.3 million ordinary shares and 26.6 million options were issued on 21 December 2017 to raise \$2.63 million.

On 28 April 600,000 options exercisable at 7.5 cents per share were exercised raising \$45,000.

On 11 May 2018 the Group announced that PCF Capital Group Pty Ltd had been appointed to conduct a strategic review of the Group's Hill End and Hargraves gold assets. On 20 June 2018 the Group announced it had been decided to sell its gold assets and that PCF Capital Group Pty Ltd had been appointed to conduct a formal sales process.

On 25 June the Group announced the results of its High Purity Alumina ("HPA") pre-feasibility study.

There were no other significant changes in the state of affairs in the Group during the year.

Subsequent Events

On 3 July 2018 the Group announced the appointment of Ernest Thomas Eadie as Chairman of the group.

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature which, in the opinion of directors has or may significantly affect the operations of the Group, or the state of affairs of the Group, in future financial years.

Likely Developments and Results

The Group plans to continue working towards a detailed feasibility study for its Yendon HPA project and development of its Victorian kaolin tenements. A formal process to sell its NSW gold assets is underway.

Environmental Issues

The Group's New South Wales mineral tenements are issued by the Department of Primary Industry - Minerals (DPI) and the Group operates under environmental licences and conditions issued by the DPI and the Environmental Protection Authority. The conditions of these tenements and licences require the preparation of environmental reports, monitoring and ongoing rehabilitation for exploration and mining activities. The Group has statutory obligations to protect the environment in which it is exploring and operating.

Before commencing ground intrusive work or work involving the removal or damage of native vegetation within an Exploration Licence in Victoria, each licence is subject to a rehabilitation bond to the satisfaction of the Minister. The licensee must also notify the Earth Resources Regulation (ERR) Regional Manager and the Crown land Manager, if Crown land is involved, of the nature of the proposed works, and obtain approvals for the proposed works to commence. All reasonable care must be taken to avoid, minimize and/or offset the removal and disturbance of native vegetation and faunal habitats. Special conditions, assessments and exclusions may also apply to Box-Ironbark regions to identify areas or sites to be avoided.

DIRECTORS' REPORT continued

While environmental reports are not generally required where only low impact exploration activities are being undertaken (as within the Victorian Exploration Licences) the licensee must operate under the Code of Practice For Mineral Exploration (Mineral Resources (Sustainable Development) Act 1990) and be aware of, and manage, multiple potential issues that may arise.

During the reporting period the Group met its obligations pursuant to environmental legislation. Directors are not aware of any regulations or requirements that were not being complied with.

Information on Directors

Ernest Thomas Eadie
Chairman, appointed 3 July 2018

Non-Executive Chairman appointed 3 July 2018. Geologist and mining executive with over 20 years' experience in the resources industry with many significant mineral discoveries to his name. Former Executive Chairman of Copper Strike, founding Chairman of Syrah Resources and previously Executive General Manager – Exploration and Technology at Pasminco. Past board member of the Australasian Institute of Mining and Metallurgy and the Australian Mineral Industry Research Association

Other public company directorships held during past 3 years:

Strandline Resources Limited (appointed October 2015)
Alderan Resources Limited (appointed January 2017)
New Century Resources Limited (appointed July 2017)
Copper Strike Limited (resigned September 2016)

Martin McFarlane, B.Eng., B.Bus
Managing Director, appointed 1 November 2017

Mr McFarlane has more than 25 years resources experience with major resource companies including Minerals and Metals Group, OZ Minerals Limited, Zinifex Limited, Pasminco Limited and Conzinc Rio Tinto of Australia including successfully holding senior roles for the past 13 years either as CEO / President of the company or being responsible for major business units reporting directly to the CEO.

Other public company directorships held during past 3 years:

Nil

David Leavy, B.Ec., M. App. Fin.
Finance Director, appointed 21 July 2017

Mr Leavy has over 25 years of experience in the banking and mining industries covering a wide range of commodities. He has significant experience in debt and equity markets, physical and derivative commodity markets, specifically in gold, bauxite, iron ore, base metals, oil and LNG. Recent roles have included CFO of several mining companies undergoing project development, requiring implementation of appropriate business processes, government negotiations, team establishment, logistics etc. in Australia, Ghana, Guinea and Sierra Leone. Prior to this Mr Leavy held a number of roles at Westpac through financial markets (FX and commodity derivatives), project finance, relationship management, credit analysis and capital solutions. A significant focus for these roles was on the Mining and Oil & Gas sectors.

Other public company directorships held during past 3 years:

Mount Magnet South Ltd.

DIRECTORS' REPORT continued

**Graham Charles Reveleigh, M.Sc., MAusIMM, CPMan, MCIMM,
Non-Executive Director, appointed 1 February 1996**

Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations including Mine Manager at Noble's Nob, where he ran the operations for seven years. He has worked as a consultant on numerous projects both in Australia and overseas such as at Hill End in New South Wales, Red Dome in Queensland and as Project Manager at the Moline Gold Mine in the Northern Territory, at Gold Ridge in the Solomon Islands and as part of the Kennecott team at Lihir and in other assignments in the Philippines, New Caledonia, Siberia and most States in Australia. He was the Site Manager for Nugget Resources Inc at Hill End NSW since the commencement of the project, and for four years was Managing Director of the Company.

Other public company directorships held during past 3 years:

Bounty Oil & Gas NL.

**Robert Boston B.Comm, B.LLB, Grad Dip App.Fin, Dip Man
Non-executive Director, appointed 21 December 2017**

Mr Boston is has more than 15 years in the mining industry. An experienced resources executive, having held positions in legal, business development, strategy, marketing and commercial roles with in BHP Billiton Limited, Rio Tinto Limited and Poseidon Nickel Limited and continues to advise a number of junior resources companies. Mr Boston has multi commodity expertise in exploration, early stage resource development, M&A, joint ventures and marketing. Prior to this Mr Boston worked for national law firms Freehills and Mallesons Stephen Jaques in their Corporate, Projects and Finance areas and is admitted to the Supreme Court of Western Australia and High Court of Australia.

Other public company directorships held during past 3 years:

Nil

**Philip Francis Bruce, B.E. (Mining) (Hons) FAusIMM.
Executive Chairman / Managing Director. Appointed 10 October 2001, resigned 21 December 2017**

Mr Bruce has over thirty years mining industry experience across the resource sector in Australia, Africa, Indonesia and South America to senior corporate and board levels. In past senior roles he has worked with LionGold Corp, BHP Limited, Buka Minerals Limited, Ausmelt Limited, Triako Resources Limited, Plutonic Resources Limited and others. Mr Bruce was appointed Managing Director of the Company on 1 July 2004 and Executive Chairman on 20 January 2016.

Other public company directorships held during past 3 years:

Latrobe Magnesium Limited; Bassari Resources Limited; Brimstone Resources Limited.

**William Joseph Condon,
Non-Executive Director. Appointed 6 July 2015, resigned 1 November 2017**

Mr Condon is the Chairman of The Multitude Foundation, a Director of the Ireland Fund of China and a resident of Hong Kong. His background includes media and advertising in Ireland, Great Britain and Hong Kong and events management and the establishment and management of not-for-profit and philanthropic entities based in Hong Kong. He was a founding Director of the Irish Chamber of Commerce in Hong Kong and an Executive Director of Singapore SGX-listed Sino Construction Limited, where he was responsible for transforming a mainland China construction and engineering operation into a minerals, oil and gas group.

Other public company directorships held during past 3 years:

Sino Construction Limited.

DIRECTORS' REPORT continued

Company Secretary

Kevin Lynn B.Bus, FCA, FAIDC, MAppFin (Securities Institute)

Mr. Lynn is a Chartered Accountant. He was appointed as Company Secretary of the Group in October 2001.

Meetings of Directors

The following table sets out the number of meetings of the Directors during the year ended 30 June 2018 and the number of meetings attended by each Director.

	Board Meetings		Audit Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
M McFarlane	5	4	-	-	-	-
D Leavy	9	9	-	-	-	-
G.C. Reveleigh	9	9	2	2	6	6
R Boston	4	4	1	1	4	4
P.F. Bruce	6	6	-	-	-	-
W.J. Condon	4	3	1	-	2	1

Remuneration Report

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration policy of Hill End Gold Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, performance based component and share options.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract high calibre executives and reward them for performance that results in long term growth in shareholder wealth. Executives are also entitled to participate in the employee option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by law, which is currently 9.5%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Group.

DIRECTORS' REPORT continued

However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are eligible to participate in employee option plans, subject to prior shareholder approval.

Performance based remuneration

The Group currently has a performance based remuneration component built into the Managing Director's executive remuneration package through the employee share and option plan. The base salary was also subject to delivering a satisfactory PFS as detailed below under Service Agreements.

Group performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy endeavours to align the interests of shareholders and directors and executives, which is facilitated with shareholder approval through the issue of options to directors and executives.

Service Agreements

An Executive Service Agreement was executed with Mr Martin McFarlane on 1 January 2018 under which Mr McFarlane was appointed Managing Director. The base salary under the agreement was initially set at \$204,000 increasing to \$252,000 on the earlier of:

- Announcement to the ASX of the completion of a Preliminary Feasibility Study on the Group's High Purity Alumina project, or
- 1 April 2018.

The Board reviewed the Managing Director's salary and revised the base salary to \$252,000 from 1 June 2018.

Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate (currently 9.5%) up to the quarterly maximum salary cap.

The Board will annually make a written offer to Mr McFarlane to apply for performance rights equivalent in value up to 4 times his base salary which will vest subject to achieving performance targets determined by the Board and subject to the terms and conditions contained in the Performance Rights Offer Document.

The following termination provisions apply:

- the Company or Mr McFarlane may terminate the agreement by giving three months' written notice;
- if the Company terminates the agreement without notice for any reason other than serious misconduct a severance payment of 9 months current base salary will be payable;
- In the case of redundancy the National Employment Standards will apply.

An Executive Service Agreement was executed with Mr David Leavy on 1 January 2018 under which Mr Leavy was appointed Director Finance and Commercial. The base salary under the agreement was initially set at \$150,000 increasing to \$204,000 on the earlier of:

- Announcement to the ASX of the completion of a Preliminary Feasibility Study on the Group's High Purity Alumina project, or
- 1 April 2018.

The Board reviewed the Mr Leavy's salary and revised the base salary to \$204,000 from 1 July 2018.

Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate (currently 9.5%) up to the quarterly maximum salary cap.

The following termination provisions apply:

- the Company or Mr Leavy may terminate the agreement by giving three months' written notice;

DIRECTORS' REPORT continued

- if the Company terminates the agreement without notice for any reason other than serious misconduct a severance payment of 9 months current base salary will be payable;
- In the case of redundancy the National Employment Standards will apply.

A Separation Agreement and General Release document was executed with former Managing Director Mr Philip Bruce on 21 December 2017. Under this agreement Mr Bruce received:

- (a) \$299,375 as a termination payment as per his Executive Service Agreement
- (b) Unpaid base salary owing up to the separation date on 21 December 2017
- (c) \$250,000 in unpaid 2017 salary settled by the issue of 2.5 million ordinary shares at 10 cents per share
- (d) Superannuation at the rate of 9.5% of the termination payment and unpaid salary amounts, and
- (e) All accrued and unpaid annual and long service leave as at the separation date.

There are no other service agreements.

Voting and comments made at the Group's 2016 Annual General Meeting ('AGM')

At the 2017 AGM, 88.01% of the votes received voted against the adoption of the remuneration report for the year ended 30 June 2017.

Remuneration of directors and key management

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to Board members and senior officers of the Group. The Board's remuneration policy is to ensure the remuneration level properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of the remuneration of each director of the Group are set out below including payment for services rendered in excess of director duties:

	Short Term Benefits	Post Employment	Termination Payment	Long Term Benefits	Equity Settled Share Based Payments	Total
Year ended 30 June 2018	<i>Salary Fees & Commissions</i>	<i>Superannuation</i>		<i>Annual & Long Service Leave</i>	<i>Shares</i>	
	\$	\$	\$		\$	\$
G.C. Reveleigh	88,841	4,806	-	-	-	93,647
M. McFarlane	127,787	9,019	-	-	-	136,806
D. Leavy	145,681	7,552	-	-	-	153,233
R. Boston	21,183	2,012	-	-	-	23,195
P.F. Bruce	118,540	35,011	299,375	95,725	250,000	798,651
W.J. Condon	72,000	-	-	-	-	72,000

	Short Term Benefits	Post Employment	Long Term Benefits	Equity Settled Share Based Payments	Total
Year ended 30 June 2017	<i>Salary Fees & Commissions</i>	<i>Superannuation</i>	<i>Long Service Leave</i>	<i>Options</i>	
G.C. Reveleigh	40,000	3,800	-	8,554	52,354
P.F. Bruce ¹	250,000	23,750	-	28,513	302,263
W.J. Condon ²	48,000	-	-	8,554	56,554

Note 1 Resigned 21 December 2017
2 Resigned 1 November 2017

DIRECTORS' REPORT continued

All remuneration for 2018 and 2017 was fixed remuneration. There was zero at risk in regards to short term and long term incentives. No bonuses were paid or due to be paid.

Only the Company Secretary, Kevin Lynn is classified as a named executive for the current reporting period. Messrs McFarlane and Leavy are executive directors of the Group and are included in tables above.

	Short Term Benefits	Post Employment	Equity Settled Share Based Payments	Total
Year ended 30 June 2018	<i>Salary Fees & Commissions</i>	<i>Superannuation</i>	<i>Options</i>	
	\$	\$	\$	\$
K. M. Lynn	61,546	-	-	61,546
Year ended 30 June 2017				
K. M. Lynn	60,000	-	8,554	68,554

Performance Income as a proportion of total remuneration

No performance based bonuses have been paid to executive directors and executives during the financial year. No shares were issued to directors or key management personnel as part of their compensation during the year. On termination Mr P Bruce was issued 2.5 million ordinary shares at 10 cents per share in settlement of \$250,000 owing for unpaid salary.

Directors' Share and Option Holdings

(a) Relevant Interests in Options and Ordinary Shares at 30 June 2018

Employee Options	Balance 1 July 2017	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2018
Directors					
G Reveleigh	700,000	-	(600,000)	(100,000)	-
M McFarlane	-	-	-	-	-
D Leavy	-	-	-	-	-
R Boston	-	-	-	-	-
Executives					
K M Lynn	600,000	-	-	-	600,000
Total	1,300,000	-	(600,000)	(100,000)	600,000

Ordinary Shares	Balance 1 July 2017	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2018
Directors					
G Reveleigh	338,524	-	600,000	-	938,524
M McFarlane	-	-	-	200,000	200,000
D Leavy	-	-	-	340,000	340,000
R Boston	-	-	-	-	-
Executives					
K M Lynn	42,200	-	-	-	42,200
Total	380,723	-	600,000	540,000	1,520,724

DIRECTORS' REPORT continued

(b) Relevant Interests in Options and Ordinary Shares at 30 June 2017

On 29 March 2017 the capital of Hill End Gold Limited was consolidated on a 1 for 25 basis.

Employee Options	Balance 1 July 2016	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2017
Directors					
P Bruce	16,000,000	50,000,000	-	(63,360,000)	2,640,000
G Reveleigh	2,500,000	15,000,000	-	(16,800,000)	700,000
W Condon	2,500,000	15,000,000	-	(16,800,000)	700,000
Executives					
K M Lynn	-	15,000,000	-	(14,400,000)	600,000
Total	21,000,000	95,000,000	-	(111,360,000)	4,640,000

Ordinary Shares	Balance 1 July 2016	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2017
Directors					
P Bruce	7,642,043	-	-	(7,339,360)	302,683
G Reveleigh	8,463,072	-	-	(8,124,549)	338,523
W Condon	-	-	-	-	-
Executives					
K M Lynn	1,055,000	-	-	(1,012,800)	42,200

This concludes the remuneration report which has been audited.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Sales revenue	-	-	-	-	-
EBITDA	(1,738,203)	(1,041,119)	(1,132,246)	(397,039)	(1,269,713)
EBIT	(9,313,662)	(1,216,735)	(1,383,005)	(4,179,040)	(3,590,543)
Loss after income tax	(9,317,552)	(1,220,087)	(1,389,381)	(4,183,995)	(3,571,251)

Share Options

Options issued in the current financial year

11,000,000 listed options exercisable at 7.5 cents each on or before 30 July 2020 were issued in association with a placement of ordinary shares.

26,600,000 unlisted options exercisable at 20 cents each on or before 30 July 2020 were issued in association with a placement of ordinary shares.

600,000 unlisted options exercisable at 7.5 cents each on or before 30 July 2020 were exercised by directors during the year.

Options expired in the current financial year

On 29 November 2017 1,500,000 unlisted director options exercisable at \$1.25 each expired.

Total outstanding options at the date of this report

The following options are outstanding at the date of this report.

DIRECTORS' REPORT continued

Listed Options	Exercisable at 7.5 cents on or before 30 July 2020	42,200,000
Director Options	Exercisable at 7.5 cents on or before 30 July 2020	2,600,000
Other Options	Exercisable at 20 cents on or before 30 July 2020	26,600,000
Total options on issue		<u>71,400,000</u>

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to the principles of corporate governance.

Non-Audit Services

The Group may choose to engage the services of its auditor, Moyes Yong, on other assignments in addition to their statutory audit duties where the firm's expertise and experience with the Group are beneficial.

The Board of Directors has considered the level and nature of non-audit services provided by the auditor during the year and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the nature and scope of each type of non-audit service provided by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below. No non-audit services were provided.

	2018	2017
	\$	\$
<i>Audit services:</i>		
Remuneration for audit and review of financial reports under the Corporations Act 2001	28,000	27,500
<i>Other services:</i>	-	-
Total auditor's remuneration	<u>28,000</u>	<u>27,500</u>

Directors' and Officers' Indemnification

During the financial year Hill End Gold Limited established a Directors and Officers insurance policy. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

The Group has agreed to indemnify and keep indemnified the directors and officers of the Group against all liabilities incurred by the directors or officers as a director or officer of the Group and all legal expenses incurred by the directors or officers as a director or officer of the Group. The indemnity only applies to the extent and in the amount that the directors or officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Group, under the general law or otherwise.

DIRECTORS' REPORT continued

The indemnity does not extend to any liability:

- to the Group or a related body corporate of the Group; or
- arising out of conduct of the directors or officers involving a lack of good faith; or
- which was incurred prior to 1 February 1996 and which is in respect of any negligence, default, breach of duty or breach of trust of which the directors or officers may be guilty in relation to the Group or related body corporate.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity

Proceedings On Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 22 and forms part of the Directors' Report.

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



TOM EADIE
Non-Executive Chairman
31 August 2018



MARTIN MCFARLANE
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead audit partner for the audit of Hill End Gold Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, that there have been:

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

This declaration is in respect of Hill End Gold Limited and the entities it controlled during the period.



William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 31st day of August 2018

**CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
Revenues from continuing operations		-	-
Other revenue	4	43,395	-
Other expenses	5	(765,688)	(267,520)
Administrative costs		(1,166,702)	(921,348)
Impairment of mining property	12,13	(7,449,285)	(33,180)
Operating loss		(9,338,280)	(1,222,048)
<hr/>			
Finance revenue		24,618	5,313
Finance costs		(3,890)	(3,352)
Loss before income tax from continuing activities		(9,317,552)	(1,220,087)
<hr/>			
Income tax expense	6	-	-
Total Loss for the year after income tax from continuing operations		(9,317,552)	(1,220,087)
<hr/>			
Other comprehensive income			
Item that may be reclassified subsequently through profit and loss			
Gain on revaluation of available for sale financial assets, net of tax		-	(14,660)
Total comprehensive loss for the year net of tax from continuing operations		(9,317,552)	(1,234,747)
<hr/>			
Earnings per share for loss from continuing activities		Cents	Cents
Basic loss per share	27	(7.4)	(1.8)
Diluted loss per share	27	(5.5)	(1.6)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Notes	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	7	1,604,922	631,574
Trade & other receivables	8	43,747	12,731
Available-for-sale financial assets	9	-	52,779
		<u>1,648,669</u>	<u>697,084</u>
Non-current assets classified as held for sale	10	<u>9,606,750</u>	-
Total Current Assets		<u>11,255,419</u>	<u>697,084</u>
Non-Current Assets			
Other financial assets	11	30,000	438,750
Mining property	12	-	2,500,000
Deferred exploration & evaluation costs	13	3,161,303	13,864,544
Property plant & equipment	14	494,277	617,257
		<u>3,685,580</u>	<u>17,420,551</u>
Total Non-Current Assets		<u>3,685,580</u>	<u>17,420,551</u>
Total Assets		<u>14,940,999</u>	<u>18,117,635</u>
Current Liabilities			
Trade & other payables	15	1,701,466	410,840
Provisions	16	20,077	98,991
		<u>1,721,543</u>	<u>509,831</u>
Total Current Liabilities		<u>1,721,543</u>	<u>509,831</u>
Non-Current Liabilities			
Other	17	195,708	188,182
		<u>195,708</u>	<u>188,182</u>
Total Non-Current Liabilities		<u>195,708</u>	<u>188,182</u>
Total Liabilities		<u>1,917,251</u>	<u>698,013</u>
Net Assets		<u>13,023,748</u>	<u>17,419,622</u>
Equity			
Contributed equity	18	81,578,502	76,530,051
Reserves	19	85,348	212,121
Accumulated losses		<u>(68,640,102)</u>	<u>(59,322,550)</u>
Total Equity		<u>13,023,748</u>	<u>17,419,622</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

		Ordinary Shares	Reserves \$	Accumulated Losses	Total
	Notes	\$		\$	\$
Balance at 30 June 2016		74,908,934	135,539	(58,102,463)	16,942,010
Loss attributable to members of the group		-	-	(1,220,087)	(1,220,087)
Other comprehensive income net of tax		-	-	-	-
Change in revaluation reserve		-	(14,660)	-	(14,660)
Total comprehensive income for the year		-	(14,660)	(1,220,087)	(1,234,747)
<i>Transactions with owners in their capacity as owners</i>					
Shares Issued during the year	18	1,621,117	-	-	1,621,117
Options issued during the year	18		91,242		91,242
Balance at 30 June 2017		76,530,051	212,121	(59,322,550)	17,419,622
Loss attributable to members of the group		-	-	(9,317,552)	(9,317,552)
Other comprehensive income net of tax		-	-	-	-
Change in revaluation reserve		-	(29,322)	-	(29,322)
Change in options valuation reserve		100,111	(100,111)	-	-
Total comprehensive income for the year		100,111	(129,433)	(9,317,552)	(9,346,874)
<i>Transactions with owners in their capacity as owners</i>					
Shares Issued during the year	18	4,948,340	-	-	4,948,340
Options issued during the year	18		2,660		2,660
Balance at 30 June 2018		81,578,502	85,348	(68,640,102)	13,023,748

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
Cash Flows From Operating Activities			
Interest received		24,618	5,313
Other income		5,955	-
Payments to suppliers and employees		<u>(1,779,412)</u>	<u>(970,948)</u>
Net cash outflows from operating activities	25	<u>(1,748,839)</u>	<u>(965,635)</u>
Cash Flows From Investing Activities			
Proceeds from sale of shares		60,898	-
Refunds/(Payments) for exploration bonds		(198,000)	-
Payment for fixed asset acquisition		(3,194)	-
Mining Property		(15,058)	(23,246)
Payments for exploration expenditure		<u>(1,263,459)</u>	<u>(57,171)</u>
Net cash outflows from investing activities		<u>(1,418,813)</u>	<u>(80,417)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		<u>4,141,000</u>	1,649,630
Net cash inflows from financing activities		<u>4,141,000</u>	1,649,630
Net increase/(decrease) in Cash Held		973,348	603,578
Cash at the Beginning of the Financial Year		<u>631,574</u>	<u>27,996</u>
Cash at the End of the Financial Year	7	<u>1,604,922</u>	<u>631,574</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Hill End Gold Limited is a public company domiciled in Australia. The financial report covers Hill End Gold Limited and its wholly owned subsidiary HEGL Investments Pty Ltd (the 'Group'). The Group is primarily involved in the exploration for minerals in Australia. The financial statements functional and presentation currency is Australian dollars. This is a for profit entity.

(b) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hill End Gold Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Hill End Gold Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity or Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(e) Revenue

Sales revenue is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods, and the cessation of all involvement in those goods.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Revenue from consulting services is recognised when the right to receive the revenue has been established.

Other revenue is recognised when the right to receive the revenue has been established.

(f) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Cash

For the purposes of the statement of cash flows, cash and cash equivalents included cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(i) Inventory

Raw materials and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(k) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Classification and Subsequent Measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(l) Mining Property

Mining property represents mines that are being developed for future production or which are in the production phase, suspension or care and maintenance. Where several mines are to be produced through common facilities or are within the same area of interest the individual mines are managed and reported as a single asset.

The costs of mines in production include past exploration and evaluation costs, pre-production development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings.

Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine, on a unit-of-production basis. Costs are amortised only once production begins.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

Where the mining property is in care and maintenance the amortisation is suspended. The mining property is assessed for impairment using a reasonable valuation methodology.

(m) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology and discounted by the Group's cost of capital to the present value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are tested for impairment each year. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

The recoverability of the carrying amount is dependent on successful development and commercialisation or alternatively sale of the respective areas of interest.

(n) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

The depreciation rates used are as follows:

Plant and equipment	20-25% straight line
Office furniture and equipment	25-33⅓% straight line
Motor vehicles	33⅓% straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(p) Trade creditors

A liability is recorded for goods and services prior to balance date, whether invoiced to the Group or not. Trade creditors are normally settled within 30 days.

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Rehabilitation

Provisions are made for mine rehabilitation and restoration. The present value of restoration obligations is recognised at commencement of the mining operations where a legal and constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset recognised in relation to the mine site. At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amount of the costs to be incurred.

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as requirements of the relevant legal and regulatory restoration and rehabilitation activity.

These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges.

(r) Employee Entitlements

Wages, salaries and annual leave

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long Service Leave

A provision for long service leave is taken up for all employees.

Equity-settled compensation

The Group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the options granted.

Employee option plan

The establishment of the Hill End Gold Limited Employee Share Option Plan (ESOP) was approved by shareholders at the annual general meeting held on 22 November 2007. The ESOP was designed to provide long term incentives for directors to deliver long term shareholder returns.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is measured using a Black-Scholes option pricing model that takes into consideration the exercise price, the term of the option, the impact of dilution, and the share price at grant date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Upon the exercise of options, the exercise proceeds received are allocated to share capital and the balance of the share-based payments reserve relating to those options is transferred to share capital.

(s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments (eg as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled.

No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

(w) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Critical Accounting Estimates and Judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

The estimates and judgments incorporated into the financial report are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the group. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

Key Estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations used to assess recoverable amounts incorporate a number of key estimates. Refer to Mining property note (m).

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Rehabilitation

The Group is required to estimate the rehabilitation costs of its operations in the accounting policy note in paragraph (s). The estimate is based on management's best estimate of the cost.

Estimates of reserve quantities

The estimated quantities of proved and probable reserves reported by the Group are integral to the calculation of amortisation expenses and to assessments of possible impairment of assets. Estimated reserve quantities are based on interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of the operations.

Key Judgments

Exploration and evaluation costs

The Group applies judgment in determining which exploration costs should be capitalised or expensed as per the accounting policy in paragraph (n).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(y) Going Concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business. This is notwithstanding an operating loss of \$9,317,552 and net cash outflows from operating and investing activities of \$1,748,839.

The Group has reported cash and cash equivalent assets of \$1,604,922 and a working capital of \$1,327,126 at 30 June 2018 (excluding amounts to be paid by share issue and assets held for sale). The directors acknowledge that for ongoing administrative costs and continued exploration and development of the Group's mineral exploration properties will necessitate further capital raisings and/or formation of joint ventures over these mineral exploration properties.

The Group remains dependent on its ability to raise capital. During the past 5 years the Group has successfully completed multiple capital raisings and the directors are confident of being able to raise further capital to fund continued operations. The Group has decided to sell its gold assets and currently has a formal sale process underway.

In consideration of the above, the directors have determined that it is foreseeable that the Group will continue to operate as a going concern and that it is appropriate that the financial statements be prepared on this basis. In the event that the Group is unable to achieve the actions noted above, the Group may not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

(z) New Accounting Standards for Application in Current Period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2017.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

Impact of the application of AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable income against which it can utilise a deductible temporary difference.

The application of these amendments has no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. FUTURE ACCOUNTING STANDARDS

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Management have not yet determined the impact of the new revenue standard, or the new Financial Instruments Standard. However they do not expect them to have a significant impact given minimal activity in these areas.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This standard recognises right-of-use assets and liabilities arising from all leases with exceptions for low value and short term leases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM review expenditure reports on exploration projects. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of this operating segment are the exploration operations predominately in Australia.

	2018	2017
	\$	\$
4. REVENUE		
Interest revenue – other entities	<u>24,618</u>	<u>5,313</u>
Surplus on sale of shares	37,441	-
Other	<u>5,954</u>	-
	<u>43,395</u>	-

5. OPERATING LOSS

Operating loss is stated after (charging)/crediting:

- Depreciation	(126,174)	(175,616)
- Hill End Site expenses	(106,685)	(65,780)
- Pure Alumina project expenses	(228,464)	-
- Contract termination expenses	(299,375)	-
- Tenement expenses	(4,990)	(26,124)
	<u>(765,688)</u>	<u>(267,520)</u>
Employee benefits (excl. Directors fees)	623,683	250,000
Superannuation	30,317	23,750

6. INCOME TAX

(a) Reconciliation of income tax expense to prima facie tax payable

Operating loss before income tax	<u>(9,317,552)</u>	<u>(1,220,086)</u>
Prima facie income tax benefit at 27.5% on operating loss	(2,562,327)	366,026
Add tax effect of:		
Tax losses and temporary differences not recognised	2,598,658	(387,670)
Non temporary differences	-	-
Equity raising costs debited to equity	<u>(36,331)</u>	<u>21,644</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

Directors are of the view that there is insufficient probability that the Group and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. INCOME TAX continued

	2018	2017
	\$	\$
(b) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked		
(c) Tax Losses		
Unused tax losses for which no tax loss has been booked as a deferred tax asset adjusted for non temporary differences	63,385,675	60,074,082
Potential tax benefit at 27.5%	17,431,061	18,022,225
(d) Unrecognised temporary differences		
Non deductible amounts as temporary differences	(235,123)	(628,273)
Capital raising costs	(375,178)	(203,292)
Accelerated deductions for book compared to tax	(2,161,098)	3,806,509
Total	(2,771,399)	2,974,944
Potential effect on future tax expense	(762,135)	892,483

The Group has applied deferred tax losses as an equal proportion to deferred tax liabilities on the basis of probability.

7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	<u>1,604,922</u>	<u>631,574</u>
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The effective interest rates on term deposits were 1.54% (2017: 1.95%).
The Group's exposure to interest rate risk is discussed in note 26.

8. TRADE & OTHER RECEIVABLES

Other Debtors	41,765	12,731
Prepayments	1,982	-
	<u>43,747</u>	<u>12,731</u>

(a) Impaired Trade Receivable

As at 30 June 2018 current trade receivables of the group were not impaired. Payment terms are 30 days. A provision for impairment is recognised when there is evidence that an individual receivable is impaired.

(b) Fair value and Credit Risk

Due to the short term nature of these receivables, their carrying amount is assumed to equal their fair value.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Investment in listed shares	<u>-</u>	<u>52,779</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
9 AVAILABLE- FOR-SALE FINANCIAL ASSETS continued		
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	52,779	67,440
Disposals	(52,779)	-
Revaluation increments/(decrements)	-	(14,661)
Closing fair value	-	52,779

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Exploration property	9,000,000	-
Performance guarantee bonds	606,750	-
	9,606,750	-

On 11 May 2018 the Company announced it had appointed PCF Capital Group Pty Ltd to undertake a strategic review of the Company's Hill End and Hargraves gold projects with a view to unlocking value for shareholders. On 20 June 2018 the Company announced that following the completion of the strategic review it had been decided to sell its gold assets. PCF Capital Group Pty Ltd was commissioned to prepare documentation and run a formal sale process.

Assets held for sale are valued at fair market value in accordance with AASB 5 *Non-Current Assets held for sale and Discontinued Operations*.

11. OTHER FINANCIAL ASSETS

Non-Current		
Performance guarantee bonds	30,000	438,750

Balances are returned when the tenements are not renewed and all liabilities are resolved.

12. MINING PROPERTY

Non-Current		
Mining Property – at cost	21,081,420	21,058,835
Amortisation	(3,546,700)	(3,546,700)
Asset impairment	(15,034,720)	(15,012,135)
Classified as held for sale	(2,500,000)	-
	-	2,500,000

Reconciliation of the carrying amounts of mining property costs at the beginning and end of the current and previous financial years.

Opening balance	2,500,000	2,500,000
Expenditure in the period	22,585	33,181
Amortisation	-	-
Asset impairment	(22,585)	(33,181)
Classified as held for sale	(2,500,000)	-
	-	2,500,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
13. DEFERRED EXPLORATION & EVALUATION		
Costs carried forward in respect of areas of interest in Exploration and evaluation phase – at cost	17,688,730	14,465,271
Expenditure written off	(600,727)	(600,727)
Impairment	(7,426,700)	-
Classified as held for sale	(6,500,000)	-
	3,161,303	13,864,544

Reconciliation of the carrying amounts of deferred exploration, evaluation and development costs at the beginning and end of the current and previous financial years

Opening balance	13,864,544	13,807,373
Additions	3,223,459	57,171
Impairment	(7,426,700)	-
Classified as held for sale	(6,500,000)	-
Net book value	3,161,303	13,864,544

14. PROPERTY, PLANT AND EQUIPMENT

Property at cost	388,798	388,798
Total Property – at cost	388,798	388,798
Plant and equipment - at cost	2,384,222	2,381,028
Less: Accumulated depreciation	(2,284,993)	(2,163,507)
	99,229	217,521
Motor vehicles - at cost	69,146	69,146
Less: Accumulated depreciation	(62,896)	(58,208)
	6,250	10,938
	494,277	617,257

Reconciliation

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as follows:

	Real Property	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Carrying value at start of year	388,798	217,521	10,938	617,257
Additions	-	3,194	-	3,194
Disposals	-	-	-	-
Scrapped	-	-	-	-
Depreciation	-	(121,486)	(4,688)	(126,174)
Carrying value at end of year	388,798	99,229	6,250	494,277

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
15. PAYABLES		
Current		
Trade creditors and accruals	301,466	410,840
Other liabilities	<u>1,400,000</u>	<u>-</u>
	<u>1,701,466</u>	<u>410,840</u>

Under the terms of the Asset Sale Agreement in relation to the acquisition of the HPA project including the Victorian tenements and all of the ordinary shares in Pure Alumina Pty Ltd, a success fee is payable within 10 business days of completion of the Preliminary Feasibility Study on the HPA Project. The results of the Preliminary Feasibility Study were announced to the ASX on 14 June 2018 and the Group was required to pay a success fee in the form of 20 million fully paid ordinary shares to the vendors of the project by 28 June 2018. Issue of the shares has been delayed by the requirement for the Group to seek shareholder approval under ASX listing rules. The liability has been valued at the closing price for the Company's shares on 28 June 2018, which was 7 cents per share, totaling \$1.4 million.

16. PROVISIONS

Current		
Employee Entitlements	<u>20,077</u>	<u>98,991</u>
Non Current		
Employee Entitlements	<u>-</u>	<u>-</u>
	<u>20,077</u>	<u>98,991</u>

17. OTHER LIABILITIES

Non Current		
Provision for minesite rehabilitation	<u>195,708</u>	<u>188,182</u>
<i>Reconciliation</i>		
Carrying amount at start of the year	188,182	178,247
Additional amounts recognised	<u>7,526</u>	<u>9,935</u>
Carrying amount at end of the year	<u>195,708</u>	<u>188,182</u>

Rehabilitation costs are expected to be incurred in between 2025 and 2026. The provision has been estimated for the mining operations where a legal or constructive obligation exists, and discounted using a discount rate of 8.7%.

18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Balance at the beginning of the financial year	76,530,051	74,908,934
Issue of shares to raise capital	4,948,340	1,621,117
Transfers from reserves	<u>100,111</u>	<u>-</u>
	<u>81,578,502</u>	<u>76,530,051</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

18. CONTRIBUTED EQUITY continued

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
30 June 2017	Balance	87,890,933		76,530,051
28 August 2017	Share based payment	8,000,000	0.06	480,000
28 August 2017	Placement	7,262,968	0.06	435,778
13 October 2017	Placement	2,737,032	0.06	164,222
17 November 2017	Placement	15,000,000	0.10	1,500,000
21 December 2017	Placement	23,800,000	0.10	2,380,000
21 December 2017	Share based payment	2,500,000	0.10	250,000
26 April 2018	Exercise of options	600,000	0.075	45,000
	Transfer from reserves			100,111
	Cost of share issues			(306,660)
30 June 2018	Balance	147,790,933		81,578,502

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Share-based payments

On 21 December 2017 a total of 2,500,000 were issued to the former Managing Director in settlement of outstanding amounts owing by the Group. These shares were issued at the prevailing market price of \$0.10 per share, a total value of \$250,000.

(d) Options

The share placements which took place on 28 August 2017 and 13 October 2017 resulted in the issue 10 million ordinary shares. Each share was issued with a free option attached. In addition, 1 million options were issued to CPS Capital Pty Ltd under its mandate agreement. These 11 million options are exercisable at \$0.075 per share up to 30 July 2020. A total of 42.2 million of these options are listed on the ASX.

The share placement which took place on 21 December 2017 resulted in the issue of 23.8 million ordinary shares. Each share was issued with a free option attached. In addition 2.8 million options were issued to CPS Capital Pty Ltd. These 26.6 million options are exercisable at \$0.20 per share up to 30 July 2020. These options are listed on the ASX.

600,000 unlisted director options were exercised at \$0.75 per option on 28 April 2018. A total of 2.6 million unlisted director options are on issue and exercisable up to 20 July 2020.

1.5 million unlisted director options exercisable at \$1.25 per share expired unexercised on 29 November 2017.

(e) Capital Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The main strategy is obtain additional capital to sustain the activities of the Group.

(f) There is no current on-market share buy-back.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
19. RESERVES		
Share based payments	85,348	182,799
Available-for-sale reserve	-	29,322
	84,348	212,121

Reconciliation of reserves at the beginning and end of the current and previous financial years.

	Share based Payment reserve	Available for sale reserve
	\$	\$
Carrying amount at start of the year	182,799	29,322
Issue of broker options	2,660	
Transfer to/(from) reserve	(100,111)	(29,322)
	85,348	-

Share-based payments

On 29 November 2012 shareholders approved the issue of 35,000,000 options to directors exercisable at \$0.05 expiring 29 November 2017. A further 2,500,000 options were issued to Mr William Condon upon approval at the 2015 annual general meeting. Following the 1 for 25 consolidation of share capital these options were converted into 1,500,000 options exercisable at \$1.25 per share. These options have expired.

On 29 March 2017 shareholders approved the issue of 110,000,000 options to directors and officers of the Group and 50,000,000 options as part of the cost of the placement of 700 million shares which took place on 31 January 2017 and 29 March 2017. These options are exercisable at \$0.003 expiring 30 July 2020.

Following the 1 for 25 consolidation of share capital these options were converted into 6,400,000 options exercisable at \$0.075 per share. The 2,000,000 options issued as part of the cost of the share placements are listed on the ASX.

The estimated fair value of the 110,000,000 options issued to directors and contractors was \$62,729 and recognised as an expense in the 2017 income statement. The estimated fair value of the 50,000,000 options issued as part of the cost of the share placement was \$28,313.

These valuations were based on a Black-Scholes options pricing model. The inputs to the model are listed below.

- Number of shares granted 160,000,000
- Issue Date 28 March 2017
- Dividend yield 0%
- Share price at date of grant \$0.002
- Exercise price \$0.003
- Volatility 50%
- Risk free interest rate 5.75%
- Expiration period 3.34 years
- Expiry date 20 July 2020
- Black & Scholes valuation \$0.0006

Set out below are summaries of options granted under the plan:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

19. RESERVES continued

On 21 December 26,600,000 options exercisable at \$0.20 and expiring 30 July 2020 were issued as part of the cost of a capital raising. These options were issued at \$0.0001 each and are not listed on the ASX.

Date	Details	Number of options	Exercise price - \$	\$
30 June 2017	Balance	1,500,000	1.25	91,557
29 November 2017	Expired	(1,500,000)		(91,557)
		-		-
30 June 2017	Balance	6,400,000	0.075	91,242
26 April 2018	Exercise of options	(600,000)		(8,554)
		5,800,000		82,688
30 June 2017	Balance	28,000,000		-
11 October 2018	Issue of options	7,262,968		-
13 October 2018	Issue of options	3,737,032		-
		39,000,000		-
21 December 2017	Issue of options	26,600,000	0.2	2,660
30 June 2018	Balance	71,400,000		85,348

The employee share option plan was approved by shareholders at the 2007 annual general meeting and is designed to provide long-term incentives to executive directors and employees to deliver long-term shareholder return.

20. AUDITOR'S REMUNERATION

	2018 \$	2017 \$
Remuneration for audit or review of the financial reports of the Group:		
Current auditors of the Group:		
Audit and review of the financial statements	28,000	25,000
	28,000	25,000

21. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) **Names of directors and key management personnel and positions held at any time during the year:**

G Reveleigh	Chairman – Non-Executive
Martin McFarlane	Managing Director (appointed 1 November 2017)
David Leavy	Finance Director (appointed 21 July 2017)
P Bruce	Executive Chairman / Managing Director (resigned 21 December 2017)
W Condon	Director – Non-Executive (resigned 1 November 2017)
K Lynn	Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

21. KEY MANAGEMENT PERSONNEL COMPENSATION continued

(b) **Individual directors' and executives' compensation disclosures**

Details of the nature and amount of the remuneration of each director and executive of the Group and some equity instrument disclosures as permitted by Corporations Regulations are provided in the Remuneration Report section of the Directors' Report.

Key management personnel compensation for the year included \$614,226 in salaries and \$29,449 in superannuation.

22. RELATED PARTY TRANSACTIONS

(a) **Parent Entity**

Hill End Gold Limited is the parent entity of the Group.

(b) **Subsidiaries**

Interests in subsidiaries are set out in note 28.

(c) **Directors and Key Management personnel**

Disclosures relating to directors and key management personnel are set out in Remuneration Report and note 21(b). At year end \$3,650 was accrued relating to remuneration unpaid at 30 June 2018 (30 June 2017: \$318,600).

(d) **Shares held by parties related to directors**

Ordinary Shares	Balance 1 July 2017	Options Exercised	Net Change Other	Balance 30 June 2018
Directors				
M McFarlane	-	-	200,000	200,000
D Leavy	-	-	300,000	300,000
G Reveleigh	338,524	600,000	-	938,024
Total	338,524	600,000	500,000	1,438,524

(e) **Other Transactions with Director Related Entities**

Payment/provision of the following payments was made for rental of office space and provision of professional services with related entities of the following directors:

	2018 \$	2017 \$
G C Reveleigh	70,809	23,166
M McFarlane	29,437	-
D Leavy	72,800	-
P F Bruce	22,000	30,000
	195,046	53,166

(f) **Outstanding payables to Directors**

At 30 June 2018 outstanding payables were \$1,865 (2017: \$7,500). All transactions were on normal commercial terms.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

23. CONTINGENT LIABILITY

(a) During the 2007-08 year the Group acquired an interest in the Hargraves tenement. The acquisition cost included \$300,000 plus the issue of 2,000,000 ordinary fully paid shares and 2,000,000 listed options which expired on 12 September 2008. These amounts were recorded during the year ending 30 June 2008. The Group will issue the vendors an additional 2,000,000 ordinary shares in the event that the Group estimates 70,000 ozs of recoverable gold in Mineral Reserves on the tenements and a further 2,000,000 ordinary shares in the event that 70,000 ozs are produced from the tenement.

(b) First Tiffany

On 1 April 2014 the Group announced that it had received a summons filed by Tiffany in the Supreme Court of New South Wales claiming an order that the Group pay Tiffany 15% of the value of minerals extracted by HEG from certain mining tenements encompassed by a portion of EL 5868 in the Hill End locality of New South Wales (plus interest and costs).

The Group applied successfully to the court for Tiffany to provide security of costs. Tiffany failed to provide security and the Group successfully applied to the court to have the claim dismissed. The Group was awarded costs and Tiffany is barred from commencing fresh proceedings until it has paid the Group's costs as ordered. Costs are yet to be determined.

(c) Under the terms of the Asset Sale Agreement in relation to the acquisition of the HPA project including the Victorian tenements and all of the ordinary shares in Pure Alumina Pty Ltd, there are several future contingent payments.

On completion of a Feasibility Study the Group is required to pay a success fee of \$1.5 million settled by the issue of shares. If the Feasibility Study is not completed within 2 years of the completion date of the acquisition (ie 28 August 2019) the Group is required to pay the vendors \$8,333 per month until the earlier of the completion of the Feasibility Study or 30 June 2022.

On completion of a legally binding offtake agreement over all of the product from the project for a period of at least 1.5 times the project payback period, the Group is required to pay a success fee of \$0.5 million settled by the issue of shares.

24. COMMITMENTS FOR EXPENDITURE

Operating Leases

Total operating lease expenditure contracted for at balance date but not provided for in the financial statements:

	2018	2017
	\$	\$
Due within one year	31,470	2,500
Due beyond one year and within five years	40,089	-
	<u>71,559</u>	<u>2,500</u>

Commitments Relating to Tenements

As a condition of its tenements the Group has minimum expenditure commitments. These minimum commitments totalled \$585,450 as at 30 June 2018 (2017; \$579,000). This balance fluctuates based on the expiration and renewal of tenements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
25. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss after income tax	(9,317,552)	(1,220,087)
Adjustment for non-cash items:		
Depreciation	126,174	175,616
Asset impairment	7,449,285	33,180
Share based payments	250,000	62,731
(Gain) on sale of shares	(37,441)	-
	(1,514,534)	(948,560)
(Increase)/Decrease in Receivables	(31,016)	(6,170)
(Decrease) /increase in Payables	(109,375)	(525)
(Decrease) /increase in Employee Provisions	(78,914)	(10,380)
Net cash outflows from operating activities	(1,748,839)	(965,635)

26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, including interest rate risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk. Risk management is carried out by the managing director under policies approved by the Board of Directors. The managing director identifies and evaluates the risks in close cooperation with the Group's management and Board.

(a) Market Risk

(i) Interest rate risk

The Group has exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and the financial liabilities.

The Group policy is to ensure that the best interest rate is received for the short-term deposits. The Group uses a number of banking institutions, with a mixture of fixed and variable interest rates. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate.

The interest rate risk sensitivity at present is insignificant. There has been no change to the Group's exposure to interest rate risk or the manner in which it manages and measures the risk from the previous year.

(ii) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

26. FINANCIAL RISK MANAGEMENT continued

The Group at trading date had deposits which mature within three months and cash at bank. Due to the cash available to the Group there is no use of any credit facilities at balance date.

The Group's exposure to interest rate risk and liquidity risk is as follows:

(iii) Contractual Maturity and interest rate risk

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non- interest Bearing	Total
			Within 1 year	Over 1 year		
	%	\$	\$	\$	\$	\$
2018						
FINANCIAL ASSETS						
Cash assets	1.54	1,604,922	-	-	-	1,604,922
Performance bonds	-	-	-	-	636,750	636,750
Trade and other receivables	-	-	-	-	43,748	43,748
		<u>1,604,922</u>	<u>-</u>	<u>-</u>	<u>680,498</u>	<u>2,285,420</u>
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	(301,466)	(301,466)
NET FINANCIAL ASSETS (LIABILITIES)		<u>1,604,922</u>	<u>-</u>	<u>-</u>	<u>379,032</u>	<u>1,983,954</u>
2017						
FINANCIAL ASSETS						
Cash assets	3.09	631,574	-	-	-	631,574
Performance bonds	-	-	-	-	438,750	438,750
Trade and other receivables	-	-	-	-	12,732	12,732
		<u>631,574</u>	<u>-</u>	<u>-</u>	<u>451,482</u>	<u>1,083,056</u>
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	(410,841)	(410,841)
NET FINANCIAL ASSETS (LIABILITIES)		<u>631,574</u>	<u>-</u>	<u>-</u>	<u>40,641</u>	<u>672,215</u>

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

(c) Net Fair Values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair values of the financial assets and financial liabilities approximate their carrying values.

No other financial assets or liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

26. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Gold tenements available-for-sale	-	9,606,750	-	9,606,750
Total assets	-	9,606,750	-	9,606,750
<i>Liabilities</i>				
Total liabilities	-	-	-	-

27. EARNINGS PER SHARE

	2018 Cents	2017 Cents
Basic earnings per share	(7.4)	(1.8)
Diluted earnings per share	(5.5)	(1.6)
	2018 \$	2017 \$
(a) Earnings used in calculating basic earnings per share	<u>(9,317,552)</u>	(1,220,086)
(b) Earnings used in calculating diluted earnings per share	<u>(9,317,552)</u>	(1,220,086)
	Number	Number
(c) Weighted average number of ordinary shares used in calculating basic earnings per share	<u>125,752,293</u>	68,190,142
(d) Weighted average number of options outstanding	<u>44,428,493</u>	10,264,932
(d) Weighted average number of convertible notes outstanding	<u>-</u>	-
(e) Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>170,180,787</u>	78,455,074

Granted options are considered to be potential ordinary shares however have been included in the determination of diluted earnings per share because they are anti-dilutive. The options have not been included in the determination of basic earnings per share.

28. SUBSIDIARIES & PARENT ENTITY INFORMATION

On 31 January 2007 the Group acquired 100% of the issued share capital of Hill End Asia Pty Ltd, a company incorporated in Australia on the same day. The purchase consideration was \$1. On 8 August 2013 Hill End Asia Pty Ltd changed its name to HEGL Investments Pty Ltd.

On 28 August 2017 the Group acquired 100% of the issued share capital Pure Alumina Pty Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

29. EVENTS AFTER THE BALANCE SHEET DATE

Since balance date there have been no significant events other than those disclosed elsewhere in these financial statements.

	2018	2017
	\$	\$
30. PARENT ENTITY DISCLOSURES		
As at and throughout the financial year ended 30 June 2018 the parent entity of the Group was Hill End Gold Limited.		
Result of parent entity		
Loss for the year	(9,124,670)	(1,219,837)
Other comprehensive income/(loss)	-	-
Total comprehensive (loss)	<u>(9,124,670)</u>	<u>(1,219,837)</u>
Financial position of parent entity at year end		
Current assets	11,215,535	644,306
Total assets	15,117,570	17,529,153
Current liabilities	2,264,394	509,832
Total liabilities	2,460,102	698,014
Total equity of parent entity comprising		
Contributed equity	81,578,502	76,530,051
Reserves	85,348	182,799
Accumulated losses	(69,006,382)	(59,881,711)
Total equity	<u>12,657,468</u>	<u>16,831,139</u>

31. COMPANY DETAILS

The registered office of the Group is:-

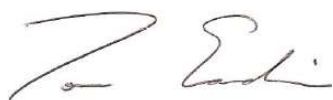
Hill End Gold Limited
11 Rodborough Avenue
Crows Nest NSW 2065
Australia

HILL END GOLD LIMITED
DIRECTORS' DECLARATION

The directors declare that:

- 1 the financial statements and notes, as set out on pages 23 to 50 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (b) comply with the Australian equivalents to International Financial Reporting Standards as described in Note1; and
 - (c) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Group;also
- 2 the Executive Chairman / Managing Director and Chief Finance Officer have each declared that:
 - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Australian equivalents to International Financial Reporting Standards as described in Note1;
 - (c) the financial statements and notes for the financial year give a true and fair view; and
 - (d) any other matters that are proscribed by the regulations for the purposes of this paragraph in relation to the financial statements for the financial year are satisfied;
- 3 in the director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Tom Eadie
Chairman



Martin McFarlane
Managing Director

31 August 2018



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INDEPENDENT AUDITOR'S REPORT

To the members of Hill End Gold Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Hill End Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of the Group as at 30 June 2018 and of its' financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 (y) in the financial statements, which indicated that the Group incurred a net operating loss of \$9,317,552 and net cash outflows from operating and investment activities of \$1,748,839 for the year ended 30 June 2018. As at 30 June 2018 the Group had a cash balance of \$1,604,922 and working capital \$1,327,126. As stated in Note 1 (y), these events or conditions, along with other matters as set forth in Note 1 (y), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.



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Tax expert
72880009

1. Valuation of non-current assets classified as held for sale

Why Significant	How our audit addressed the key audit matter:
<p>The Group has announced that following the conduct of a strategic review the decision has been reached sell the gold assets. As a consequence of this decision, the Group has committed to a plan to sell the assets and an active program to locate a buyer has been initiated. The result of this commitment is amounts which were previously treated as capitalised deferred exploration & evaluation costs have now been classified as non-current assets held for sale. As disclosed in Note 10 the Group held, as a non-current asset held for sale, exploration property of \$9,000,000 as at 30 June 2018.</p> <p>In the absence of a firm purchase commitment, the carrying value of non-current assets held for sale will always be subjective. This creates the risk that the amount as stated in the financial report might be at significant variance with the amount, less cost to sell, ultimately realised on sale.</p> <p>One of the focal points of our audit was the Group's assessment of the value of the non-current assets classified as held for sale, due to the following:</p> <ol style="list-style-type: none"> 1) They represent the most significant assets of the Group and their valuation may impact heavily on the users' understanding of its financial position; and 2) The valuation is reliant on the Group's assessment of an indicative valuation which has been provided by the consultants engaged to locate a buyer <p>Therefore, our audit procedures were designed to address the risk that the valuation of non-current assets held for sale might not satisfy the criteria prescribed in the standards. Consequently, we considered it necessary to assess whether the value shown is at the lower of its' carrying amount and fair value less costs to sell.</p>	<p>Our audit procedures were mainly but not limited to the following:</p> <ul style="list-style-type: none"> • Review of the overall content of the report compiled by the consultants engaged to locate a buyer. • Confirmation that the resources identified per the report were the same as those the Group had previously disclosed under deferred exploration & evaluation costs. • Review of assumptions made in the report regards price of gold. • Review of the basis on which the indicative valuation had been compiled and references in the report to previous project divestments the consultants had been associated with.

2. Acquisition of High Purity Alumina project

Why Significant	How our audit addressed the key audit matter:
<p>On 17 July 2017 the Group announced it had signed a binding Asset Sale Agreement to acquire all the rights, title and interests in granted exploration licences, tenement applications and the entire issued capital of Pure Alumina Pty Ltd. On 28 August 2017 the Group issued 8,000,000 ordinary shares at \$0.06 per share and paid \$100,000 to the vendor; and on completion of a Preliminary Feasibility Study as announced at the ASX on 14 June 2018, the Group committed to issuing 20,000,000 ordinary shares at \$0.07 per share to the vendors all under the terms of the Asset Sale Agreement</p> <p>This acquisition was assessed as a key audit matter due to the possible impact on the Group's cash position and the Group's going concern assumption. Although no estimates have been included in the financial report there have been other aspects of the transaction that have been assessed in order to determine there has been proper disclosure.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Reviewing and assessing the effect of the transaction on contingencies, on the going concern assumption and proper disclosure. • We have also reviewed and assessed the agreements and other documentation relating to the transaction to determine the existence of any additional inherent risk arising as a direct consequence of the transaction.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report.

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: www.auasb.gov.au/auditors_files/ar2.pdf . This description forms part of our audit report.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the remuneration report included on pages 17 to 19 of the Directors' Report for the year ended 30 June 2018. In our opinion, the remuneration report of Hill End Gold for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



William M Moyes - Partner
Moyes Yong & Co Partnership

Dated this 31st day of August 2018

CORPORATE GOVERNANCE

OVERVIEW

The Company's Board of Directors (Board) is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision-making. Accordingly, where appropriate the Group has sought to adopt the 'Corporate Governance Principles and Recommendations' (Third Edition) (ASX Recommendations) published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Group may depart from those generally applicable to ASX-listed companies under ASX Recommendations where the Board considers compliance is not appropriate having regard to the nature and size of the Group's business and operations.

The Group sets out below its "if not why not" report in relation to those matters of corporate governance where the Group's practice departs from the ASX Recommendations, to the extent that they are currently applicable to the Group.

This statement is current as at 23 August 2018 and has been approved by the Board.

ASX Corporate Governance Principles and Recommendations

Principle	ASX Recommendation	Comply	Comments
Principle 1 – Lay solid foundation for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	<p>The Group has adopted a Board Charter that discloses the role and responsibilities of the Board.</p> <p>Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Group and, in particular, is responsible for:</p> <ul style="list-style-type: none"> ▪ oversight of control and accountability systems; ▪ appointing and removing the Chief Executive Officer, Chief Financial Officer and Company Secretary; ▪ approving the annual operating budget; ▪ approving and monitoring the progress of major capital and operating expenditure; ▪ monitoring compliance with all legal and regulatory obligations; ▪ reviewing any risk management system (which may be a series of systems established on a per-project basis); ▪ monitoring any executive officer's performance; and ▪ approving and monitoring financial and other reporting to the market, shareholders of the Group (Shareholders), employees and other stakeholders. <p>A copy of the Board Charter can be found on the Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>The Company conducts background checks of candidates for the position of director of the Company (Director) prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy.</p> <p>The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting on the basis that the Company will have already conducted relevant character checks prior to the Director's initial appointment.</p> <p>As a matter of practice, The Company includes in its notices of meeting a brief biography and other material information in relation to each Director who stands for election or re-election, including relevant qualifications and professional experience of the nominated Director for consideration by Shareholders.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Group has entered into an employment contract with Martin McFarlane the Group's Chief Executive Officer and David Leavy the Group's Finance Director, who are engaged on a full time basis. The Group has entered into letters of engagement with each of its non-executive Directors setting out the key terms and conditions of their engagement.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	<p>The Company Secretary reports directly, and is accountable, to the Board through the Chairman of the Board (Chairman) in relation to all governance matters.</p> <p>The Company Secretary also advises and supports the Board to implement adopted governance procedures and co-ordinates the circulation of meeting agendas and papers.</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	No	<p>The Group itself has few employees, and has not adopted a formal diversity policy at this stage.</p> <p>The Group has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.</p> <p>Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and marital/family status etc) brings in relation to expanding the Group's perspective and thereby improving corporate performance, increasing Shareholder value and maximising the probability of achieving the Group's objectives.</p> <p>The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The Remuneration and Nomination Committee is responsible for the evaluation of the Board's performance and its individual Directors.</p> <p>The Group has also adopted in its Board Charter a commitment to review its own performance at intervals considered appropriate by the Chairman. The same performance review mechanism is also present in the Audit Committee and Remuneration and Nomination Committee Charters.</p> <p>The Group will continue to disclose if and when it has conducted any performance evaluations.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The Board is responsible for monitoring the performance of senior executive officers.</p> <p>The Board has established policies to ensure that The Group remunerates fairly and responsibly. The Group designed its remuneration policy to ensure that the level and composition of remuneration is competitive, reasonable and appropriate to attract and maintain Directors with the requisite skills and experience to guide the Group towards achieving its objectives.</p> <p>The Group will continue to disclose if and when it has conducted any performance evaluations.</p>
Principle 2 – Structure the board to add value			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Board has established a Remuneration and Nomination Committee (RN Committee).</p> <p>The RN Committee Charter discloses the RN Committee's role and responsibilities.</p> <p>The RN Committee presently consists of Graham Reveleigh, Robert Boston and Thomas Eadie. Graham Reveleigh, and Robert Boston are both independent and non-executive. Mr Reveleigh is the chairman of the RN Committee.</p> <p>The Group will continue to disclose at the end of each reporting period the number of times the RN Committee met throughout the relevant period.</p> <p>The RN Committee Charter is available on The Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	<p>The Group does not currently have a skills or diversity matrix in relation to its Board members. The Board considers that such a matrix is not necessary given the current state of operations.</p> <p>The RN Committee is presently responsible for ensuring the Directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively.</p> <p>The Board may adopt such a matrix later as the Group's operations evolve.</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>The Board considers that Graham Reveleigh and Robert Boston are independent Directors because they are free from any business or other relationship with the Group that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement as Directors.</p> <p>The Company appointed Graham Reveleigh as a Director on 1 February 1996 and Robert Boston as a Director on 21 December 2017.</p>
2.4	A majority of the board of a listed entity should be independent directors.	No	<p>A majority of the Board are not independent Directors. Two of the Board's five Directors, being Graham Reveleigh, Robert Boston are considered independent.</p> <p>The Group does not consider Thomas Eadie independent because he is a shareholder in Thea Management Pty Ltd, being a substantial Shareholder of the Group.</p> <p>The Group does not consider Martin McFarlane independent because the Group employs him in an executive capacity, as the Group's Managing Director.</p> <p>The Group does not consider David Leavy independent because the Group employs him in an executive capacity, as the Group's Finance Director.</p> <p>The Group believes that the current structure of the Board is the most appropriate given the size and current operations of the Group.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	<p>The Chairman, Thomas Eadie, is not an independent Director. The Board believes an independent non-executive Chairman is not necessary as Mr Eadie's experience and industry knowledge makes him the most appropriate person to lead the Board at this time.</p> <p>Martin McFarlane is the Chief Executive Officer and is not the Chairman.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>Induction program</p> <p>When a Director is appointed, they receive with their appointment letter a copy of the Company's constitution, corporate governance policies and charters. The contents of this due diligence pack contain sufficient information to allow the new Director to gain an understanding of the rights, duties, responsibilities and role of the Board, Board committees and the executive team.</p> <p>The Company Secretary arranges for new Directors to undertake an induction program to enable them to gain an understanding of:</p> <ul style="list-style-type: none"> ▪ the Group's operations and the industry sectors in which it operates; ▪ the Group's financial, strategic, operational and risk management position; ▪ their rights, duties and responsibilities; and ▪ any other relevant information. <p>As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).</p> <p>Director development</p> <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
Principle 3 – Act ethically and responsibly			
3.1	A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	Yes	<p>The Board believes that the success of the Group has been, and will continue to be, enhanced by a strong ethical culture within the organisation.</p> <p>The Group has a Code of Conduct and Ethics (Code) which sets the standards that all Directors, officers, employees, consultants and contractors and all other people representing the Group are expected to comply with in relation to all commercial operations.</p> <p>The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action the Group may take in respect of any breaches.</p> <p>In addition to their obligations under the Corporations Act 2001 (Cth) (Corporations Act) in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to The Group in relation to confidential information they possess.</p> <p>In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at The Group's expense after consultation with the Chairman.</p> <p>The Group ensures that all incumbent and new personnel have a copy of the Code. It is also available on the Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>
Principle 4 – Safeguard integrity in corporate reporting			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The Group has established an Audit Committee to assist the Board in its oversight responsibilities in relation to financial management and reporting, external audit and financial risk management of the Group and safeguarding the independence of the external auditor.</p> <p>The Audit Committee Charter sets out the functions, operating mechanisms and responsibilities of the Audit Committee.</p> <p>The Audit Committee presently consists of Graham Reveleigh, Robert Boston and Thomas Eadie. Graham Reveleigh and Robert Boston are independent and non-executive. Graham Reveleigh acts as the chairman of the Audit Committee.</p> <p>The Audit Committee Charter also requires that all committee members have a working familiarity with basic accounting and finance practices and that at least one member have financial expertise.</p> <p>A copy of the Audit Committee Charter is available on The Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	As a matter of practice, The Group obtains declarations from its Chief Executive Officer and Chief Financial Officer substantially in the form referred to in Recommendation 4.2 before approving its financial statements.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	In accordance with the Company's constitution and the applicable provisions of the Corporations Act, the Group requests its external auditor to attend each annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	Yes	<p>The Group has adopted a Continuous Disclosure Policy.</p> <p>The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the Listing Rules and section 674 of the Corporations Act.</p> <p>The Group is committed to observing its disclosure obligations under the Corporations Act and its obligations under the Listing Rules.</p> <p>The Group will post all announcements provided to ASX on its website.</p> <p>A copy of the Continuous Disclosure Policy is available on The Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Group and its corporate governance, including copies of the Group's various corporate governance policies and charters, are available on its website at www.hillendgold.com.au/about-us
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Group has adopted a Shareholder Communications Policy to promote effective communication with Shareholders, ensure all relevant information is disseminated to Shareholders effectively and to encourage the participation of Shareholders at Company general meetings.</p> <p>The Group communicates with Shareholders:</p> <ul style="list-style-type: none"> ▪ through releases to the market via the ASX; ▪ through the Group's website; ▪ through information provided directly to Shareholders; and ▪ at general meetings.

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>The Group supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation.</p> <p>In preparing for general meetings, the Group drafts the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information is presented clearly and concisely so that it is easy to understand and not ambiguous.</p> <p>The Group uses general meetings as a tool to effectively communicate with Shareholders and allow Shareholders a reasonable opportunity to ask questions of the Board of Directors and to participate in the meeting.</p> <p>Mechanisms for encouraging and facilitating Shareholder participation are reviewed regularly to encourage the highest level of Shareholder participation.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>The Group considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>The Group provides new Shareholders with the option to receive communications from the Group electronically and encourages them to do so. Existing Shareholders are also encouraged to request communications electronically.</p> <p>The Group will provide all Shareholders that have opted to receive communications electronically with notifications when it uploads an announcement or other communication (including an annual reports and notice of meeting) to the ASX announcements platform.</p>
Principle 7 – Recognise and manage risk			
7.1	<p>The board should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>The Group does not have a separate risk management committee.</p> <p>The Board as a whole is broadly responsible for risk management, including the review of any risk management system or series of systems that may be implemented by management on a per-project basis. The Audit Committee is responsible for the management of financial risk.</p> <p>The Board considers that, given the Group's current scope of operations and the fact that Martin McFarlane and David Leavy hold executive positions, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.</p> <p>As the Group's operations evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.</p>

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
7.2	The board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and disclose, in relation to each reporting period, whether such a review has taken place.	Yes	<p>The Board has responsibility for the monitoring of risk management and reviews the Group's risk management framework on an annual basis to ensure that the framework continues to be effective.</p> <p>The Group will continue to disclose the outcome of the annual risk management review in its annual reports.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>The Group does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the Board.</p> <p>The Group has adopted internal control procedures, including the following:</p> <ul style="list-style-type: none"> ▪ the Group has authorisation limits in place for expenditure and payments; ▪ a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/directors fees in accordance with their Board approved remuneration; ▪ the Group prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and ▪ the Group regularly reviews its other financial materiality thresholds. <p>The Board and senior management are charged with evaluating and considering improvements to the Group's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of the Group's operations.</p> <p>As the Group's operations evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	<p>The Group's primary business focus is the production of a detailed definitive feasibility scope of work and budget for the HPA project. As such, the Group is exposed to unique risks. This includes, but is not limited to, the following key risks:</p> <ul style="list-style-type: none"> ▪ fluctuations in the price of kaolin and High Purity Alumina; ▪ fluctuations in third party contractor costs; ▪ any reduction in the global demand for High Purity Alumina; ▪ risks arising from mining operations being concentrated at one mine; ▪ economic, political or social instability may effect operations or profits; and ▪ a range of other economic, environmental and social sustainability risks faced by all other mining industry companies in an open economy.

CORPORATE GOVERNANCE (continued)

Principle	ASX Recommendation	Comply	Comments
Principle 8 – Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should have a remuneration committee which:</p> <p>(a) has at least three members, a majority of whom are independent directors;</p> <p>(b) is chaired by an independent director, and disclose:</p> <p>(c) the charter of the committee;</p> <p>(d) the members of the committee; and</p> <p>(e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	Yes	<p>The Group has established a RN Committee to assist the Board in fulfilling its responsibilities with respect to:</p> <ul style="list-style-type: none"> ▪ remuneration policies for non-executive Directors; ▪ remuneration policies for executive Directors; ▪ remuneration policies for executive management; ▪ equity participation; ▪ human resources policies; and ▪ any other matters referred to the RN Committee by the Board. <p>The RN Committee Charter sets out the functions, operating mechanisms and responsibilities of the committee.</p> <p>The RN Committee presently consists of Graham Reveleigh and Robert Boston who are both independent and non-executive. Mr Reveleigh acts as the chairman of the RN Committee.</p> <p>The Group will disclose, at the end of each reporting period, the number of times the committee met throughout the relevant period.</p> <p>A copy of the RN Committee Charter is available on The Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Group's policies and practices regarding the remuneration of executive and non-executive Directors and other senior executives will be set out in the remuneration report contained in The Group's annual report for each financial year.</p> <p>Furthermore, The Group's remuneration policies and practices are subject to review by the RN Committee, as set out in the Group's RN Committee Charter.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.</p>	Yes	<p>The Group's Share Trading Policy states the requirements for all Directors, executives, employees, contractors and consultants of the Group dealing in the Company's Securities.</p> <p>The policy provides that Directors and senior executives must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Company securities under any equity-based remuneration schemes offered by the Company.</p> <p>A copy of the Share Trading Policy is available on The Group's website at www.hillendgold.com.au/about-us/corporate-governance</p>

SHAREHOLDER INFORMATION

ASX Additional Information

Additional information is required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 23 August 2018.

1. Distribution of Shareholders - Analysis of number of shareholders by size of holding:

Holdings Ranges	Holders	Total Units	%
1-1,000	1,242	483,425	0.327
1,001-5,000	697	1,835,325	1.242
5,001-10,000	357	2,811,845	1.903
10,001-100,000	804	30,234,033	20.457
100,001-9,999,999,999	187	112,426,305	76.071
Total	3,287	147,790,933	100.000

(a) There are 2,020 Shareholders with less than a marketable parcel of ordinary shares.

(b) There is one substantial shareholder, Merrill Lynch (Australia) Nominees Pty Limited in the Company's Register of Substantial Shareholders as at 23 August 2018.

2. Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

Rank	Shareholder	Number	%
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,856,410	5.316%
2	MOUBRAY PTY LTD <ROBERT HALLAS SF A/C>	4,000,000	2.707%
3	SISU INTERNATIONAL PTY LTD	3,987,032	2.698%
4	CITICORP NOMINEES PTY LIMITED	3,653,275	2.472%
5	KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	3,500,000	2.368%
6	QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	3,150,000	2.131%
7	WACKY RACERS PTY LTD <WACKY RACERS SUPER FUND A/C>	3,000,000	2.030%
8	ANT NICHOLSON PTY LTD <KOO NICHOLSON FAMILY A/C>	2,795,929	1.892%
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,782,446	1.883%
10	DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	2,645,323	1.790%
11	B DAVID NOMINEES PTY LTD <NEVER SATISFIED S/F A/C>	2,600,000	1.759%
12	KITARA INVESTMENTS PTY LTD <KUMOVA FAMILY A/C>	2,400,000	1.624%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,319,027	1.569%
14	THEA MANAGEMENT PTY LTD <THEA FAMILY A/C>	2,304,200	1.559%
15	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	2,200,000	1.489%
16	MR LINCOLN WILLIAM REYNOLDS	2,000,000	1.353%
17	KONKERA PTY LTD <KONKERA FAMILY A/C>	1,900,000	1.286%
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,858,784	1.258%
19	MR ZHONGLI LI	1,672,000	1.131%
20	MR GREGORY GIANNOPOULOS	1,500,000	1.015%
	Total Securities of Top 20 Holdings	58,124,426	39.329%
	Total Shares	147,790,933	

SHAREHOLDER INFORMATION (continued)

3. Distribution of Shareholders - Analysis of number of shareholders by size of holding:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	3	25,750	0.061
10,001-100,000	53	2,764,923	6.552
100,001-9,999,999,999	67	39,409,327	93.387
Totals	123	42,200,000	100.000

4. Twenty Largest Option holdings - \$0.075 expiring 30 July 2020

The names of the twenty largest holders of Listed Options are listed below:

Rank	Shareholder	Number	%
1	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	3,016,666	7.148%
2	ANT NICHOLSON PTY LTD <KOO NICHOLSON FAMILY A/C>	2,546,250	6.034%
3	SISU INTERNATIONAL PTY LTD	2,187,032	5.183%
4	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,900,000	4.502%
5	FIRST INVESTMENT PARTNERS PTY LTD	1,885,000	4.467%
6	LIGHTSTORM PTY LTD <HOTSPICE A/C>	1,600,000	3.791%
7	MR DAVID CHARLES NEESHAM & MRS PAMELA CHRISTINE NEESHAM <DC & PC NEESHAM SUPER A/C>	1,420,000	3.365%
8	RICHSHAM NOMINEES PTY LTD	1,230,000	2.915%
9	KONKERA PTY LTD <KONKERA FAMILY A/C>	1,100,000	2.607%
10	VELCOM INVESTMENTS PTY LTD <VELCOM A/C>	1,008,888	2.391%
11	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	1,000,000	2.370%
12	RIMOYNE PTY LTD	1,000,000	2.370%
12	OCEAN MIST PTY LTD <WATERFORD SUPER FUND A/C>	1,000,000	2.370%
14	QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	950,000	2.251%
15	MRS ANGELA MAREE ROWE <ROWE INVESTMENT A/C>	850,000	2.014%
16	UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	750,000	1.777%
17	MR ANTHONY JOHN VETTER & MRS JEANNETTE VETTER	679,684	1.611%
18	MRS NICOLEEN ANNE AGNELLO	670,000	1.588%
19	S & D PETERSON SUPER PTY LTD <PETERSON SUPER FUND A/C>	600,000	1.422%
20	MR KEVIN LYNN	600,000	1.422%
	Total Securities of Top 20 Holdings	25,993,520	61.596%
	Total of Securities	42,200,000	

SHAREHOLDER INFORMATION continued

5. Unlisted Option holders

Distribution of Unlisted Options Holders \$0.20 expiring 30 July 2020 - Analysis of number of shareholders by size of holding:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	41	2,300,000	8.647
100,001-9,999,999,999	41	24,300,000	91.353
Totals	82	26,600,000	100.000

6. Twenty Largest Unlisted Option holdings - \$0.20 expiring 30 July 2020

The names of the twenty largest holders of Listed Options are listed below:

Rank	Option Holder	Number	%
1	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	4,700,000	17.67%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,000,000	7.52%
3	MERRILL LYNCH NOMINEES PTY LTD <REGAL EMERGING COMPANIES A/C>	2,000,000	7.52%
4	KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	1,750,000	6.58%
5	RICHSHAM NOMINEES PTY LTD	1,600,000	6.02%
6	CPS CAPITAL GROUP PTY LTD	1,600,000	6.02%
7	UBS NOMINEES PTY LTD	1,272,590	4.78%
8	CITICORP NOMINEES PTY LIMITED	1,227,410	4.61%
9	TR NOMINEES PTY LTD	600,000	2.26%
10	MR DAVID CHARLES NEESHAM & MRS PAMELA CHRISTINE NEESHAM <DC & PC NEESHAM SUPER A/C>	500,000	1.88%
11	ARALAD MANAGEMENT PTY LTD <TRK SUPERANNUATION FUND A/C>	500,000	1.88%
12	VONROSS NOMINEES PTY LTD <VONROSS FAMILY A/C>	500,000	1.88%
13	JHB SUPER INVESTMENTS PTY LTD <THE JHB SUPER FUND A/C>	450,000	1.69%
14	SHAPE WEALTH PTY LTD	300,000	1.13%
15	MARCONI CAPITAL PTY LTD <TURNER FAMILY A/C>	300,000	1.13%
16	QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	250,000	0.94%
17	MR DAVID CHITRIN	250,000	0.94%
18	CHIODO TRADING PTY LTD	250,000	0.94%
19	WYMOND INVESTMENTS PTY LTD <DEE WHY SALES SUPER A/C>	250,000	0.94%
20	KINGSLANE PTY LTD <CRANSTON S/PENSION FUND A/C>	250,000	0.94%
	Total Securities of Top 20 Holdings	20,550,000	77.26%
	Total of Securities	26,600,000	

SHAREHOLDER INFORMATION continued

7. Unlisted Options - \$0.075 expiring 30 July 2020

Rank	Option Holder	Number	%
1	DIAZILL PTY LTD	2,000,000	62.5
2	WILLIAM CONDON	600,000	18.75%
	Total Top 20	2,600,000	100.00

Voting rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Business objectives

This annual report of the Group and pursuant to the ASX listing rules the Group confirms that it has used its cash and assets that it had at the time of its admission consistent with its business objectives.

Stock Exchange

The Company is listed on the Australian Securities Exchange. The "Home Exchange" is Sydney.

Other information

Hill End Gold Limited, is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

On-market buy-back

There is no current on-market buy-back

MINING TENEMENTS

Project	Tenement	Registered Holder	Grant / Application Date	Expiry Date	Status	Area	Surface Exception	Depth Restriction	Notes
Hill End	Exploration Licence No 5868 (1992)	Hill End Gold Limited	18/06/2001	18/06/2019	Granted	16 units	Nil	Nil	1, 2, 3, 4
Hill End	Gold Lease No 5846 (1906)	Hill End Gold Limited	15/02/1968	7/12/2019	Granted	2.044 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 1116 (1973)	Hill End Gold Limited	28/03/1984	16/10/2024	Granted	15.71 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 1541 (1992)	Hill End Gold Limited	17/10/2003	16/10/2024	Granted	279.20 hectares	Part (Various)	Nil	1
Hill End	Mining Lease No 315 (1973)	Hill End Gold Limited	8/12/1976	7/12/2019	Granted	6.671 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 316 (1973)	Hill End Gold Limited	8/12/1976	7/12/2019	Granted	8.846 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 317 (1973)	Hill End Gold Limited	8/12/1976	7/12/2019	Granted	7.00 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 49 (1973)	Hill End Gold Limited	30/07/1975	7/12/2019	Granted	1.618 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 50 (1973)	Hill End Gold Limited	30/07/1975	7/12/2019	Granted	3.02 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 913 (1973)	Hill End Gold Limited	20/01/1981	19/01/2023	Granted	22.00 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 914 (1973)	Hill End Gold Limited	20/01/1981	19/01/2023	Granted	21.69 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 915 (1973)	Hill End Gold Limited	4/02/1981	3/02/2023	Granted	13.27 hectares	Nil	Nil	2, 3, 4
Hargraves	Exploration Licence No 6996 (1992)	Hill End Gold Limited	21/12/2007	21/12/2019	Granted	24 units	Nil	Nil	
Chambers Creek	Exploration Licence No 8289 (1992)	Hill End Gold Limited	24/3/2014	20/08/2020	Granted	3 Units	Nil	Nil	5
Yendon	Exploration Licence No 5457	Pure Alumina Pty Ltd	10/09/2013	9/09/2018	Renewal application submitted	41 Graticules	Nil	Nil	6
Yendon	Exploration Licence No 5461	Pure Alumina Pty Ltd	10/09/2016	9/09/2020	Granted	4 Graticules	Nil	Nil	6
Yendon	Exploration Licence No 6428	ET Eadie, T Kumova & PJ Sterling	22/12/2017	21/12/2020	Granted	49 Graticules	Nil	Nil	6
Yendon	Exploration Licence No 6447	ET Eadie & T Kumova	22/12/2017	21/12/2020	Granted	221 Graticules	Nil	Nil	6
Yendon	Retention Licence app No RL6734	Pure Alumina Pty Ltd	27/07/2018		Application lodged and accepted	225.2 hectares			

¹ Hill End Historic Site excluded. Mining Lease No 1541 (1992) applies below historic site.

² Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993.

³ Transfer of beneficial interest from Nugget Resources Inc to Nugget Resources Australia Pty Ltd (now Hill End Gold Limited) dated 16 March 1999.

⁴ Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd (now Hill End Gold Limited) dated 26 June 2001 to assign legal interest (see Footnote 2).

⁵ The renewal application and supporting documentation has been submitted to the Department

⁶ A graticule is essentially 1 sq. km or part thereof.