



ABN 74 072 692 365

## FINANCIAL REPORT

30 JUNE 2016

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## CORPORATE DIRECTORY

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### **Directors**

Philip Francis Bruce  
Executive Chairman / Managing Director

Graham Charles Reveleigh  
Non-Executive Director

William Joseph Condon  
Non-Executive Director

### **Company Secretary**

Kevin Martin Lynn

### **Australian Business Number**

74 072 692 365

### **Sydney / Registered Office**

Hill End Gold Limited  
Suite 111, 350 George Street  
Sydney NSW 2000

Telephone: +61 2 8283 1915

### **Field Office**

4 Bowen Street  
Hill End NSW 2850

Telephone: +61 2 6337 8343

Facsimile: + 61 2 6337 8345

[www.hillendgold.com.au](http://www.hillendgold.com.au)

### **Share Registry**

Boardroom Limited  
Level 12, 225 George Street  
Sydney NSW 2000

Telephone +61 2 9290 9600

Facsimile: +61 2 9279 0664

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### **Auditor**

Moyes Yong  
Level 7 Norwich House  
6 O'Connell Street  
Sydney NSW 2000

Telephone: +61 2 8256 1100

Facsimile: +61 2 8256 1111

### **Solicitors**

Kelly Hazel Quill  
Level 15, 440 Collins Street  
Melbourne Vic 3000

Telephone: +61 3 9663 9877

Facsimile: +61 3 9009 5494

### **Bankers**

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000

### **Stock Exchange Listing**

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

## 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 2016.

### Directors

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

Philip Francis Bruce (Executive Chairman / Managing Director)  
Graham Charles Reveleigh (Non-Executive Director)  
William Joseph Condon (Non-Executive Director) appointed 6 July 2015  
Quah Su-Yin (Non-Executive Director) resigned 27 October 2015  
Denis Edmund Clarke (Chairman) resigned 19 January 2016

### Principal Activities

The principal activities of the Group during the financial year were exploration activities on its New South Wales tenements and the assessment of resources acquisition opportunities with significant potential.

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 \$1,389,381 (2015: loss \$4,183,995). This result includes:

- a loss of \$281,258 at the Hill End site due to administration and depreciation of site plant and equipment
- exploration expensed and written off of \$300,384, and
- impairment of development properties of \$55,876.

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2015 – nil).

The net assets of the Group have decreased by \$1,137,485 being the net of:

- a net increase in capital and reserves of \$251,896,
- the operating loss for the year of \$1,389,381, and

The capital structure of the Group at signing date is:

- 1,452,264,885 fully paid ordinary shares (HEG);
- 37,500,000 unlisted director options exercisable at 5 cents per share up to 29 November 2017.

### Significant Changes in the State of Affairs

On 5 August 2015 the Company issued 96,000,062 ordinary shares at \$0.0035 per share under a Share Purchase Plan which raised \$336,000.

On 29 February 2016 the Company issued 33,555,550 ordinary shares under a non-renounceable rights issue at \$0.003 per share which raised \$100,666.

A further 44,108,913 ordinary shares were issued to financial advisors during the year in settlement of fees amounting to \$83,870.

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

## DIRECTORS' REPORT continued

### Subsequent Events

On 1 August 2016 the Company announced it had executed a share subscription agreement with a sophisticated investor to undertake a number of placements for up to approximately \$1 million. Initially the company raised \$90,000 from the issue of 45,000,000 shares to the investor and may issue up to two more tranches of \$90,000 each. The final amount is subject to due diligence and other regulatory requirements.

On 9 August 2016 the Company announced it had placed 45,000,000 shares at \$0.002 per share to a sophisticated investor raising \$90,000.

On 1 September 2016 the Company issued 63,895,525 ordinary shares at \$0.002 per share in settlement of outstanding liabilities.

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 exploration on its New South Wales tenements and to assess resource acquisition opportunities and any discussion deemed appropriate regarding likely developments and results is outlined in the Managing Director's Report.

### 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. During the reporting period the Group met its obligations pursuant to any environmental legislation. Directors are not aware of any environmental law that is not being complied with.

### Information on Directors

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

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.

***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.

## **DIRECTORS' REPORT continued**

### Other public company directorships held during past 3 years:

Bounty Oil & Gas NL.

#### ***William Joseph Condon, Non-Executive Director. Appointed 6 July 2015***

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.

#### ***Quah Su-Yin Non-Executive Director, Resigned 27 October 2015***

Ms Quah Su-Yin is Chief Executive Officer and Executive Director of ISR Capital Limited. Ms Quah holds a Master of Business Administration from the Australian graduate School of Management (AGSM), Bachelor of Laws and Bachelor of Economics degrees from the University of Adelaide and a Graduate Diploma in Legal Practice from the University of South Australia. She was admitted as a legal practitioner to the Supreme Court of South Australia and an advocate and a solicitor of the Malaysian Bar.

### Other public company directorships held during past 3 years:

ISR Capital Limited; Asiasons WFG Financial Ltd.

#### ***Denis Edmund Clarke, B.Sc., B.A., Ph. D. (Geology), FAusIMM Chairman (Non-Executive). Resigned 19 January 2016***

Dr Clarke has a Ph.D. (Geology) from Stanford University and has over forty years' experience in senior technical, financial and corporate positions in the mining and exploration industry in Australia and overseas. He played a significant role in the extraordinary growth of Plutonic Resources Limited, which developed into one of Australia's largest gold producers with up to seven operating mines and a market capitalisation of over A\$1 billion before being absorbed by Homestake Mining Company. At Plutonic, he successively managed the Exploration Division, the Finance and Administration Division and the Corporate Division and, prior to joining Plutonic, he spent 10 years in exploration with the Rio Tinto subsidiary, Rio Algom Limited, mostly in Canada.

### Other public company directorships held during past 3 years:

Cullen Resources Limited; LionGold Corp Ltd; Signature Metals Limited; Anglo Australian Resources NL.

## **Company Secretary**

#### **Kevin Lynn B.Bus, CA, FAIDC, MAppFin (Securities Institute)**

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

## DIRECTORS' REPORT continued

### Meetings of Directors

The following table sets out the number of meetings of the Directors during the year ended 30 June 2015 and the number of meetings attended by each Director.

	Board Meetings		Audit Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
P.F. Bruce	5	5	-	-	-	-
G.C. Reveleigh	5	5	2	2	-	-
W.J. Condon <sup>1</sup>	5	5	-	-	-	-
S-Y Quah <sup>2</sup>	1	1	-	-	-	-
D.E. Clarke <sup>3</sup>	3	3	1	1	-	-

<sup>1</sup> Appointed 6 July 2015

<sup>2</sup> Resigned 27 October 2015

<sup>3</sup> Resigned 19 January 2016

### 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. 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. There are no formal KPIs to be achieved.

## DIRECTORS' REPORT continued

### *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 Philip Bruce on 21 September 2012. The base salary under the agreement was set at \$298,163. The Board has reviewed the Managing Director's salary and revised the base salary to \$250,000 from 1 January 2016. Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate times the base salary. The following termination provisions apply:

- (a) the Company may terminate the agreement by giving twelve months' notice;
- (b) Mr. Bruce may terminate the agreement by giving three months' notice;
- (c) the Company may terminate the agreement without notice under certain specified circumstances as is usual in such service agreements;
- (d) In the case of redundancy the National Employment Standards will apply. Any amount payable under a redundancy will be absorbed into any amount paid in lieu of notice.

There are no other service agreements.

#### *Voting and comments made at the Group's 2015 Annual General Meeting ('AGM')*

At the 2015 AGM, 94.56% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015 and there was no specific feedback regarding its remuneration practices.

#### *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.

The Group has not employed any executive officers, other than directors, who were involved in, concerned in, or who took part in the management of the Group's affairs. Details of the nature and amount of the remuneration of each director of the Group are set out below:

	<b>Short Term Benefits</b>	<b>Post Employment</b>	<b>Long Term Benefits</b>	<b>Equity Settled Share Based Payments</b>	<b>Total</b>
<b>Year ended 30 June 2016</b>	<i>Salary Fees &amp; Commissions</i>	<i>Superannuation</i>	<i>Long Service Leave</i>	<i>Options</i>	
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
P.F. Bruce	273,082	25,292	-	-	298,374
G.C. Reveleigh	40,000	3,800	-	-	43,800
W.J. Condon <sup>1</sup>	24,000	-	-	-	24,000
D.E. Clarke <sup>2</sup>	25,000	2,375	-	-	27,375
S-Y Quah <sup>3</sup>	10,000	-	-	-	10,000

Note 1 Appointed 6 July 2015  
2 Resigned 19 January 2016  
3 Resigned 27 October 2015



# DIRECTORS' REPORT continued

	<b>Short Term Benefits</b>	<b>Post Employment</b>	<b>Long Term Benefits</b>	<b>Equity Settled Share Based Payments</b>	<b>Total</b>
<b>Year ended 30 June 2015</b>	<i>Salary Fees &amp; Commissions</i>	<i>Superannuation</i>	<i>Long Service Leave</i>	<i>Options</i>	
D.E. Clarke	50,000	4,750	-	-	54,750
P.F. Bruce	299,165	26,836	5,660	-	331,661
G.C. Reveleigh	40,000	3,800	-	-	43,800
S-Y Quah	40,000	-	-	-	40,000

All remuneration for 2016 and 2015 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. Mr Philip Bruce is an executive director of the Group and is included in tables above.

	<b>Short Term Benefits</b>	<b>Post Employment</b>	<b>Equity Settled Share Based Payments</b>	<b>Total</b>
<b>Year ended 30 June 2016</b>	<i>Salary Fees &amp; Commissions</i>	<i>Superannuation</i>	<i>Options</i>	
	\$	\$	\$	\$
K. M. Lynn	60,000	-	-	60,000
<b>Year ended 30 June 2015</b>	\$	\$	\$	\$
K. M. Lynn	60,000	-	-	60,000

## 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. No options were issued to directors or key management personnel as part of their compensation during the year.

## Directors' Share and Option Holdings

### (a) Relevant Interests in Options and Ordinary Shares at 30 June 2016

<b>Employee Options</b>	<b>Balance 1 July 2015</b>	<b>Granted as Remuneration</b>	<b>Options Exercised</b>	<b>Net Change Other</b>	<b>Balance 30 June 2016</b>
<b>Directors</b>					
P Bruce	16,000,000	-	-	-	16,000,000
G Reveleigh	2,500,000	-	-	-	2,500,000
W Condon <sup>1</sup>	-	-	-	2,500,000	2,500,000
S-Y Quah <sup>2</sup>	2,500,000	-	-	-	2,500,000
D Clarke <sup>3</sup>	8,000,000	-	-	-	8,000,000
<b>Executives</b>					
K M Lynn	-	-	-	-	-
<b>Total</b>	<b>29,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,500,000</b>

<sup>1</sup> Appointed 6 July 2015

<sup>2</sup> Resigned 27 October 2015

## DIRECTORS' REPORT continued

<sup>3</sup> Resigned 19 January 2016

Mr William Condon was granted 2,500,000 Employee Options, following shareholder approval at the 2015 annual general meeting on 30 November 2015.

<b>Ordinary Shares</b>	<b>Balance</b>	<b>Granted as</b>	<b>Options</b>	<b>Net Change</b>	<b>Balance 30</b>
<b>Directors</b>	<b>1 July 2015</b>	<b>Remuneration</b>	<b>Exercised</b>	<b>Other</b>	<b>June 2016</b>
P Bruce	7,642,043	-	-	-	7,642,043
G Reveleigh	8,463,072	-	-	-	8,463,072
W Condon <sup>1</sup>	-	-	-	-	-
S-Y Quah <sup>2</sup>	-	-	-	-	-
D Clarke <sup>3</sup>	-	-	-	-	-
<b>Executives</b>					
K M Lynn	1,055,000	-	-	-	1,055,000
<b>Total</b>	<b>17,160,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,160,115</b>

<sup>1</sup> Appointed 6 July 2015

<sup>2</sup> Resigned 27 October 2015

<sup>3</sup> Resigned 19 January 2016

(b) Relevant Interests in Options and Ordinary Shares at 30 June 2015

<b>Employee Options</b>	<b>Balance</b>	<b>Granted as</b>	<b>Options</b>	<b>Net Change</b>	<b>Balance 30</b>
<b>Directors</b>	<b>1 July 2014</b>	<b>Remuneration</b>	<b>Exercised</b>	<b>Other</b>	<b>June 2015</b>
D Clarke	8,000,000	-	-	-	8,000,000
G Reveleigh	2,500,000	-	-	-	2,500,000
P Bruce	16,000,000	-	-	-	16,000,000
S-Y Quah	2,500,000	-	-	-	2,500,000
<b>Executives</b>					
K M Lynn	-	-	-	-	-
<b>Total</b>	<b>29,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,000,000</b>

<b>Ordinary Shares</b>	<b>Balance</b>	<b>Granted as</b>	<b>Options</b>	<b>Net Change</b>	<b>Balance 30</b>
<b>Directors</b>	<b>1 July 2014</b>	<b>Remuneration</b>	<b>Exercised</b>	<b>Other</b>	<b>June 2015</b>
D Clarke	-	-	-	-	-
G Reveleigh	8,463,072	-	-	-	8,463,072
P Bruce	7,672,400	-	-	(30,357)	7,642,043
S-Y Quah	-	-	-	-	-
<b>Executives</b>					
K M Lynn	1,055,000	-	-	-	1,055,000
<b>Total</b>	<b>17,190,472</b>	<b>-</b>	<b>-</b>	<b>(30,357)</b>	<b>17,160,115</b>

**This concludes the remuneration report which has been audited.**

### *Additional information*

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales revenue	-	-	-	-	-
EBITDA	(1,132,246)	(397,039)	(1,269,713)	(1,390,610)	(2,466,253)
EBIT	(1,383,005)	(4,179,040)	(3,590,543)	(5,711,179)	(2,983,699)
Loss after income tax	(1,385,836)	(4,183,995)	(3,571,251)	(5,635,642)	(2,880,926)

## DIRECTORS' REPORT continued

### Share Options

#### *Options issued in the current financial year*

2,500,000 options exercisable at 5 cents each on or before 29 November 2017 were issued to W. Condon a non-executive director upon receiving shareholder approval at the 2015 annual general meeting.

#### *Total outstanding options at the date of this report*

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

Director Options	Exercisable at 5 cents on or before 29 November 2017	<u>37,500,000</u>
	Total options on issue	<u><u>37,500,000</u></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.

	2016 \$	2015 \$
<i>Audit services:</i>		
Remuneration for audit and review of financial reports under the Corporations Act 2001	27,500	54,000
<i>Other assurance services:</i>	-	-
Total auditor's remuneration	<u>27,500</u>	<u>54,000</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.

## **DIRECTORS' REPORT continued**

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.

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 16 and forms part of the Directors' Report.

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



**PHILIP BRUCE**  
Executive Chairman  
8 September 2016



**GRAHAM REVELEIGH**  
Director

Moyes Yong + Co Partnership  
ABN 36 528 219 967

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Sydney NSW 2000

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Sydney NSW 2001

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead audit partner for the audit of Hill End Gold Limited for the year ended 30 June 2016, 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 entity it controlled during the period.



**William M Moyes - Partner**

**Moyes Yong & Co Partnership**

Dated this 8<sup>th</sup> day of September 2016

**CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Revenues from continuing operations	4	203,653	736,984
Other expenses	5	(555,754)	(446,691)
Administrative costs		(984,849)	(839,297)
Impairment of mining property		(55,876)	(3,635,801)
<b>Operating loss</b>		<b>(1,392,826)</b>	<b>(4,184,805)</b>
Finance revenue		6,277	5,765
Finance costs		(2,832)	(4,955)
<b>Loss before income tax from continuing activities</b>		<b>(1,389,391)</b>	<b>(4,183,995)</b>
Income tax expense	6	-	-
<b>Total Loss for the year after income tax from continuing operations</b>		<b>(1,389,381)</b>	<b>(4,183,995)</b>
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		(224,324)	(306,694)
<b>Total comprehensive loss for the year net of tax from continuing operations</b>		<b>(1,613,705)</b>	<b>(4,490,689)</b>
Earnings per share for loss from continuing activities		Cents	Cents
Basic loss per share	29	(0.11)	(0.39)
Diluted loss per share	29	(0.11)	(0.39)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Notes	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	27,996	56,387
Trade & other receivables	8	6,561	22,599
Inventories	9	-	599
Available-for-sale financial assets	10	67,440	754,919
Available-for-sale property	15	274,190	-
<b>Total Current Assets</b>		<b>376,187</b>	<b>834,504</b>
<b>Non-Current Assets</b>			
Other financial assets	12	438,750	503,863
Mining property	13	2,500,000	2,500,000
Deferred exploration & development costs	14	13,807,373	13,839,996
Property plant & equipment	15	518,683	1,022,467
<b>Total Non-Current Assets</b>		<b>17,264,806</b>	<b>17,866,326</b>
<b>Total Assets</b>		<b>17,640,993</b>	<b>18,700,830</b>
<b>Current Liabilities</b>			
Trade & other payables	16	411,365	235,131
Provisions	17	109,371	185,657
Other	18		16,000
<b>Total Current Liabilities</b>		<b>520,736</b>	<b>436,788</b>
<b>Non-Current Liabilities</b>			
Provisions	17	-	14,169
Other	19	178,247	170,378
<b>Total Non-Current Liabilities</b>		<b>178,247</b>	<b>184,547</b>
<b>Total Liabilities</b>		<b>698,983</b>	<b>621,335</b>
<b>Net Assets</b>		<b>16,942,010</b>	<b>18,079,495</b>
<b>Equity</b>			
Contributed equity	20	74,908,934	74,432,714
Reserves	21	135,539	359,863
Accumulated losses		(58,102,463)	(56,713,082)
<b>Total Equity</b>		<b>16,942,010</b>	<b>18,079,495</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

		Ordinary Shares	Reserves \$	Accumulated Losses	Total
	Notes	\$		\$	\$
<b>Balance at 30 June 2014</b>		<b>74,173,943</b>	<b>666,557</b>	<b>(52,529,087)</b>	<b>22,311,413</b>
Loss attributable to members of the group		-	-	(4,183,995)	(4,183,995)
Other comprehensive income net of tax		-	-	-	-
Transfers		-	(306,694)	-	(306,694)
Total comprehensive income for the year		-	(306,694)	(4,183,995)	(4,490,689)
<i>Transactions with owners in their capacity as owners</i>					
Shares Issued during the year	20	258,771	-	-	258,771
<b>Balance at 30 June 2015</b>		<b>74,432,714</b>	<b>359,863</b>	<b>(56,713,082)</b>	<b>18,079,495</b>
Loss attributable to members of the group		-	-	(1,389,381)	(1,389,381)
Other comprehensive income net of tax		-	-	-	-
Transfers		-	(224,324)	-	(224,324)
Total comprehensive income for the year		-	(224,324)	(1,389,381)	(1,613,705)
<i>Transactions with owners in their capacity as owners</i>					
Shares Issued during the year	20	476,220	-	-	476,220
<b>Balance at 30 June 2016</b>		<b>74,908,934</b>	<b>135,539</b>	<b>(58,102,463)</b>	<b>16,942,010</b>



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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from sales		-	14,928
Interest received		6,277	5,765
Other income		9,367	599,392
Payments to suppliers and employees		<u>(990,322)</u>	<u>(783,887)</u>
Net cash outflows from operating activities	26	<u>(974,678)</u>	<u>(163,802)</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of shares		-	-
Proceeds from sale of shares		657,442	386,644
Refunds/(Payments) for exploration bonds		41,519	10,000
Purchases of property, plant & equipment		-	(4,192)
Proceeds from fixed asset disposal		60,600	8,500
Mining Property		(48,007)	(78,802)
Payments for exploration expenditure		<u>(225,487)</u>	<u>(430,620)</u>
Net cash outflows from investing activities		<u>486,067</u>	<u>(108,470)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares		460,220	258,771
Proceeds from Share Purchase Plan		-	16,000
Net cash inflows from financing activities		<u>460,220</u>	<u>274,771</u>
<b>Net increase/(decrease) in Cash Held</b>		<b>(28,391)</b>	<b>2,499</b>
Cash at the Beginning of the Financial Year		<u>56,387</u>	<u>53,888</u>
<b>Cash at the End of the Financial Year</b>	<b>7</b>	<u><b>27,996</b></u>	<u><b>56,387</b></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 2016 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 2016**

**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 2016**

**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 2016**

**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 company's cost of capital to the present value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 Company 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 2016**

**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 2016**

**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 2016**

**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 2016**

**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 \$1,389,381.

The Group has reported cash and cash equivalent assets of \$27,996 at 30 June 2016. 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 raised \$180,000 from the issue of ordinary shares after year end and has executed a share subscription agreement which potentially will raise up to \$1 million including \$90,000 raised to date. In addition \$127,791 in outstanding liabilities has been settled through the issue of the Company's ordinary shares. The Group owns a property at Hargraves NSW which has a book value of \$274,190 and which is currently being offered for sale to raise additional funds. The Group also holds 2,932,176 ordinary shares in ASX listed Bassari Resources Limited with a market value of \$67,440 which are available for sale.

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 consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other Standards.

Part C makes amendments to a number of Australian Accounting Standards including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.

*AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality*. The Standard completes the AASB's project to remove Australian guidance on materiality from the Australian Accounting Standards.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**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.

**4. REVENUE**

	2016 \$	2015 \$
Interest revenue – other entities	<u>6,277</u>	<u>5,765</u>
Sale of gold	-	14,928
Consulting	-	333,856
Rental income	-	10,973
Surplus on sale of shares	194,286	369,334
Other	9,367	7,893
	<u>203,653</u>	<u>736,984</u>

**5. OPERATING LOSS**

**Operating loss is stated after (charging)/crediting:**

- Depreciation	(194,882)	(214,605)
- Site expenses	(86,376)	(191,546)
- Exploration written off	(281,703)	(17,706)
- Tenement expenses	(18,680)	(22,235)
- Profit/(Loss) on sale of asset	25,887	(599)
	<u>(555,754)</u>	<u>(446,691)</u>
Employee benefits (excl. Directors fees)	433,245	783,100
Superannuation	28,397	72,965

**6. INCOME TAX**

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

Operating loss before income tax	<u>(1,389,381)</u>	<u>(4,183,995)</u>
Prima facie income tax benefit at 30% on operating loss	416,814	1,255,199
Add tax effect of:		
Tax losses and temporary differences not recognised	(452,194)	(1,292,291)
Non temporary differences	-	-
Equity raising costs debited to equity	<u>35,379</u>	<u>37,092</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 2016**

**6. INCOME TAX continued**

	2016 \$	2015 \$
(b) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked		
<b>(c) Tax Losses</b>		
Unused tax losses for which no tax loss has been booked as a deferred tax asset adjusted for non temporary differences	<b>58,381,578</b>	57,065,761
Potential tax benefit at 30%	<b>17,514,473</b>	17,119,728
<b>(d) Unrecognised temporary differences</b>		
Non deductible amounts as temporary differences	<b>(624,401)</b>	(522,002)
Capital raising costs	<b>(77,299)</b>	(172,380)
Accelerated deductions for book compared to tax	<b>3,782,518</b>	3,871,754
Total	<b>3,080,817</b>	3,177,372
Potential effect on future tax expense	<b>924,245</b>	953,212

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	<b>27,996</b>	56,387
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The effective interest rates on term deposits were 1.95% (2014: 2.75%).  
The Group's exposure to interest rate risk is discussed in note 28.

**8. TRADE & OTHER RECEIVABLES**

Trade Debtors	-	4,620
Other Debtors	<b>6,561</b>	17,979
	<b>6,561</b>	22,599

The ageing of past due but not impaired receivables are as follows:

0-3 months overdue	-	4,620
3-6 months overdue	-	-
Over 6 months overdue	-	-
	-	4,620

**(a) Impaired Trade Receivable**

As at 30 June 2016 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>9. INVENTORIES</b>		
Raw materials	-	599
Work in progress	-	-
	<u>-</u>	<u>599</u>

**10. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Investment in listed shares	<u>67,440</u>	754,919
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*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

Opening fair value	754,919	1,675,000
Additions	-	-
Disposals	(719,733)	(920,081)
Revaluation increments	32,254	-
Closing fair value	<u>67,440</u>	<u>754,919</u>

**11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

Opening balance	-	10,262,157
Expenditure	-	233,044
Transfers in/(out) exploration property	-	(10,436,451)
Transfers in/(out) security deposits	-	(58,750)
Closing balance	<u>-</u>	<u>-</u>

On 30 June 2014 the Group announced that it had entered into a non-binding heads of agreement with LionGold Australia Pty Ltd ('LionGold Australia'), the wholly-owned Australian subsidiary of LionGold Corp Ltd (an entity listed on the Singapore Securities Exchange), in respect of the proposed sale of the rights, title and interest in and to the Hargraves Gold Project (EL 6995) and the Boiga Gold Project (EL 8206) by the Group to LionGold Australia. Existing security deposits on the properties would be refunded to the Group as part of the agreement. T

The heads of agreement was subject to the Group and LionGold Australia entering into a definitive sale agreement in relation to the proposed sale. The parties were unable to reach agreement on the sale and the process was terminated. As it was unlikely that a sale would take place within the next 12 months the Hargraves and Boiga properties were reclassified as Deferred Exploration and Development expenditure at cost and the associated security deposits were included in Other Financial Assets. Boiga (EL8206) has since been relinquished.

**12. OTHER FINANCIAL ASSETS**

***Non-Current***

Performance guarantee bonds	<u>438,750</u>	503,863
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Balances are returned when the tenements are not renewed and all liabilities are resolved.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>13. MINING PROPERTY</b>		
<b>Non-Current</b>		
Mining Property – at cost	<b>21,025,654</b>	20,969,778
Amortisation	<b>(3,546,700)</b>	(3,546,700)
Asset impairment	<b>(14,978,954)</b>	(14,923,078)
	<b><u>2,500,000</u></b>	<u>2,500,000</u>

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

Opening balance	<b>2,500,000</b>	6,000,000
Expenditure in the period	<b>55,876</b>	97,275
Amortisation	-	-
Asset impairment	<b>(55,876)</b>	(3,597,275)
	<b><u>2,500,000</u></b>	<u>2,500,000</u>

The carrying value of the mining property is based on an independent valuation undertaken by Minnelex Pty Ltd which indicated a value between a low of \$1.704 million and a high of \$2.938 million. The mining property is currently on care and maintenance.

**14. DEFERRED EXPLORATION & DEVELOPMENT**

Costs carried forward in respect of areas of interest in

Exploration and evaluation phase – at cost	<b>14,408,100</b>	18,069,202
Expenditure written off	<b>(600,727)</b>	(4,190,680)
Impairment	-	(38,526)
Classified as held for sale	-	-
	<b><u>13,807,373</u></b>	<u>13,839,996</u>

The Hargraves property (EL6996) comprises \$10,448,053 of the total deferred exploration and development cost. The licence period expired on 21 December 2015 and an application for renewal was lodged by the Company originally for 3 years but later amended to 2 years. The Department of Industry, Resources & Energy offered renewal of the licence for 2 years but the renewal offer retained a 3 year expenditure commitment. The Company has lodged a modified expenditure program consistent with the 2 year renewal and are awaiting a modified renewal offer from the Department of Industry, Resources & Energy.

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	<b>13,839,996</b>	3,262,200
Additions	<b>225,487</b>	197,577
Amortisation	-	-
Write-off relinquished or expired tenements	<b>(258,110)</b>	(17,706)
Impairment	-	(38,526)
Reclassification of exploration property held for sale	-	10,436,451
Net book value	<b><u>13,807,373</u></b>	<u>13,839,996</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>15. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Current</b>		
Available-for-sale property at cost	274,190	-
<b>Non-current</b>		
Property at cost	114,608	388,798
Total Property – at cost	388,798	388,798
Plant and equipment - at cost	2,381,028	2,455,918
Less: Accumulated depreciation	(1,994,806)	(1,869,224)
	386,222	586,694
Motor vehicles - at cost	69,146	107,302
Less: Accumulated depreciation	(51,294)	(60,327)
	17,852	46,975
	<b>792,872</b>	<b>1,022,467</b>

**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	586,694	46,975	1,022,467
Additions	-	-	-	-
Disposals	-	(63,911)	(38,155)	(102,066)
Scrapped	-	-	-	-
Accumulated depreciation on sold and scrapped items	-	49,498	17,855	67,353
Depreciation	-	(186,059)	(8,823)	(194,882)
Carrying value at end of year	<b>388,798</b>	<b>386,222</b>	<b>17,852</b>	<b>792,872</b>

	2016 \$	2015 \$
<b>16. PAYABLES</b>		
<b>Current</b>		
Trade creditors and accruals	411,365	235,131

<b>17. PROVISIONS</b>		
<b>Current</b>		
Employee Entitlements	109,371	185,657
<b>Non Current</b>		
Employee Entitlements	-	14,169
	<b>109,371</b>	<b>199,826</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>18. OTHER CURRENT LIABILITIES</b>		
Proceeds from Share Purchase Plan	-	16,000

**19. OTHER LIABILITIES**

**Non Current**

Provision for minesite rehabilitation	<b>178,247</b>	170,378
<i>Reconciliation</i>		
Carrying amount at start of the year	170,378	151,905
Additional amounts recognised	7,869	18,473
Carrying amount at end of the year	<b>178,247</b>	<b>170,378</b>

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 8.9%.

**20. CONTRIBUTED EQUITY**

**(a) Issued and paid up capital**

1,298,369,360 fully paid ordinary shares (2015: 1,124,704,835)

Balance at the beginning of the financial year	<b>74,432,714</b>	74,173,943
Issue of shares to raise capital	<b>476,220</b>	258,771
Transfers from reserves	-	-
	<b>74,908,934</b>	<b>74,432,714</b>

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	Issue price	\$
<b>30 June 2015</b>	<b>Balance</b>	<b>1,124,704,835</b>		<b>74,432,714</b>
5 August 2015	Share Purchase Plan	96,000,062	0.0035	336,000
31 January 2016	Settlement of fundraising costs	16,935,000	0.0020	33,870
29 February 2016	Settlement of fundraising costs	27,173,913	0.0018	50,000
1 March 2016	Rights issue	33,555,550	0.0030	100,667
	Cost of share issues			(44,317)
<b>30 June 2016</b>	<b>Balance</b>	<b>1,298,369,360</b>		<b>74,908,934</b>

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) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**21. RESERVES**

	2016 \$	2015 \$
Share based payments (a)	91,557	91,557
Available-for-sale reserve (c)	43,982	268,306
	<u>135,539</u>	<u>359,863</u>

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	91,557	268,306
Transfer to/(from) reserve	-	(224,324)
	<u>91,557</u>	<u>43,982</u>

**(a) 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.

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

Date	Details	Number of options	Exercise price - cents	\$
30 June 2014	Balance	35,000,000	5.0	91,557
30 June 2015	Balance	35,000,000	5.0	91,557
30 November 2015	Issue to director	2,500,000	5.0	-
30 June 2016	Balance	37,500,000	5.0	91,557

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.

**(b) Available-For-Sale Reserve**

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

**22. AUDITOR'S REMUNERATION**

Remuneration for audit or review of the financial reports of the Group:

Current auditors of the Group:

Audit and review of the financial statements  
Other services

	2016 \$	2015 \$
Audit and review of the financial statements	25,000	64,500
Other services	-	-
	<u>25,000</u>	<u>64,500</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**23. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

P Bruce	Executive Chairman / Managing Director
G Reveleigh	Director – Non-Executive
W Condon	Director – Non-Executive
K Lynn	Company Secretary
S-Y Quah	Director – Non-Executive resigned 27 October 2015
D Clarke	Chairman – Non-Executive resigned 19 January 2016

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

The Group has not employed any executive officers, other than directors, who were involved in, concerned in, or who took part in the management of the Group's affairs. 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 \$432,082 in salaries and \$31,467 in superannuation.

**24. 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 30.

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

Disclosures relating to directors and key management personnel are set out in Remuneration Report and note 23(b). At year end \$188,775 was accrued relating to remuneration unpaid at 30 June 2016 (30 June 2015: \$47,808).

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

Ordinary Shares Directors	Balance 1 July 2015	Options Exercised	Net Change Other	Balance 30 June 2016
P Bruce	176,071	-	17,500	193,571
<b>Total</b>	<b>176,071</b>	<b>-</b>	<b>17,500</b>	<b>193,571</b>

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

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

	2016 \$	2015 \$
G C Reveleigh	23,166	21,060
P F Bruce	32,500	-
	<b>55,666</b>	<b>21,060</b>

- (f) **Outstanding payables to Directors**

At 30 June 2016 outstanding payables were \$42,121 (2015: \$10,000). All transactions were on normal commercial terms.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**25. 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 Company successfully applied to the court to have the claim dismissed. The Company 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.

**26. RECONCILIATION OF OPERATING LOSS AFTER  
INCOME TAX TO NET CASH FLOWS FROM  
OPERATING ACTIVITIES**

	2016 \$	2015 \$
Operating loss after income tax	(1,389,381)	(4,183,995)
Adjustment for non cash items:		
Depreciation	194,882	214,605
Asset impairment	55,876	3,635,801
Exploration Expenditure written off	281,704	17,706
Loss on sale of asset	34,713	1,099
(Gain) on sale of asset	(60,600)	(500)
Gain on sale of shares	(194,287)	(374,294)
	<u>(1,077,093)</u>	<u>(689,578)</u>
(Increase)/Decrease in Receivables	16,038	240,828
(Increase)/Decrease in Inventory	599	12,136
(Decrease) /increase in Payables	176,234	265,613
(Decrease) /increase in Provisions	(90,456)	7,199
Increase in Provisions	-	-
<b>Net cash outflows from operating activities</b>	<u><b>(974,678)</b></u>	<u><b>(163,802)</b></u>

**27. COMMITMENTS FOR EXPENDITURE**

**Operating Leases**

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

Due within one year	-	7,094
Due beyond one year and within five years	-	-
	<u>-</u>	<u>7,094</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**27. COMMITMENTS FOR EXPENDITURE continued**

**Commitments Relating to Tenements**

As a condition of its tenements the Group has minimum expenditure commitments. These minimum commitments totalled \$380,000 as at 30 June 2016 (2015; \$475,500). This balance fluctuates based on the expiration and renewal of tenements.

**28. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit 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) Price Risk**

The Group has exposure to risk related to its investment in Bassari Resources Limited as it is listed on the Australian Stock Exchange.

**(ii) 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.

**(iii) 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.

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:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**28. FINANCIAL RISK MANAGEMENT continued**

**(iv) 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 \$	\$	\$
<b>2016</b>						
<b>FINANCIAL ASSETS</b>						
Cash assets	1.95	27,996	-	-	-	27,996
Performance guarantee bonds	-	-	-	-	438,750	438,750
Trade and other receivables	-	-	-	-	6,561	6,561
		27,996	-	-	445,311	473,307
<b>FINANCIAL LIABILITIES</b>						
Trade and other payables	-	-	-	-	(411,365)	(411,365)
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>		<b>27,996</b>	<b>-</b>	<b>-</b>	<b>33,946</b>	<b>61,942</b>
<b>2015</b>						
<b>FINANCIAL ASSETS</b>						
Cash assets	2.75	26,387	30,000	-	-	56,387
Performance guarantee bonds	-	-	-	-	503,863	503,863
Trade and other receivables	-	-	-	-	22,599	22,599
		26,387	30,000	-	526,462	582,849
<b>FINANCIAL LIABILITIES</b>						
Trade and other payables	-	-	-	-	(235,131)	(235,131)
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>		<b>26,387</b>	<b>30,000</b>	<b>-</b>	<b>291,331</b>	<b>347,718</b>

**(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. The Group holds ordinary shares in Bassari Resources Limited which are traded on the Australian Stock Exchange.

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.

*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:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**28. FINANCIAL RISK MANAGEMENT continued**

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

<b>Consolidated - 2016</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Ordinary shares available-for-sale	67,440	-	-	67,440
Total assets	67,440	-	-	67,440
<b>Total liabilities</b>	-	-	-	-

	<b>2016 Cents</b>	<b>2015 Cents</b>
<b>29. EARNINGS PER SHARE</b>		
Basic earnings per share	(0.11)	(0.39)
Diluted earnings per share	(0.11)	(0.38)
	<b>2016 \$</b>	<b>2015 \$</b>
(a) Earnings used in calculating basic earnings per share	<u>(1,389,381)</u>	<u>(4,183,995)</u>
(b) Earnings used in calculating diluted earnings per share	<u>(1,389,381)</u>	<u>(4,183,995)</u>
	<b>Number</b>	<b>Number</b>
(c) Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,238,400,585</u>	<u>1,078,129,493</u>
(d) Weighted average number of options outstanding	<u>36,454,918</u>	<u>35,000,000</u>
(d) Weighted average number of convertible notes outstanding	<u>-</u>	<u>49,726,027</u>
(e) Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,274,855,503</u>	<u>1,162,855,520</u>

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.

**30. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**31. EVENTS AFTER THE BALANCE SHEET DATE**

On 1 August 2016 the Company announced it had executed a share subscription agreement with a sophisticated investor to undertake a number of placements up to approximately \$1 million. Initially the company raised \$90,000 from the issue of shares to the investor and will issue up to two more tranches of \$90,000 each. The remaining amount is subject to due diligence and other regulatory requirements.

On 9 August 2016 the Company announced it has placed 45,000,000 shares at \$0.002 per share to a sophisticated investor raising \$90,000.

On 1 September 2016 the Company issued 63,895,525 ordinary shares at \$0.002 per share in settlement of outstanding liabilities.

There were no other matters or circumstances that have arisen since June 2016 that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the entity's state of affairs in future financial years.

**32. PARENT ENTITY DISCLOSURES**

As at and throughout the financial year ended 30 June 2016 the parent entity of the Group was Hill End Gold Limited.

	2016 \$	2015 \$
<b>Result of parent entity</b>		
Loss for the year	(1,579,458)	(4,553,328)
Other comprehensive income/(loss)	-	-
Total comprehensive (loss)	<u>(1,579,458)</u>	<u>(4,553,328)</u>
<b>Financial position of parent entity at year end</b>		
Current assets	308,748	79,585
Total assets	17,037,600	18,063,191
Current liabilities	520,736	436,788
Total liabilities	698,983	621,335
<b>Total equity of parent entity comprising</b>		
Contributed equity	74,908,934	74,432,714
Reserves	91,557	91,557
Accumulated losses	(58,661,874)	(57,082,415)
Total equity	<u>16,338,617</u>	<u>17,441,856</u>

**33. COMPANY DETAILS**

The registered office of the Company is:-

Hill End Gold Limited  
Suite 111, 350 George Street  
Sydney NSW 2000  
Australia



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

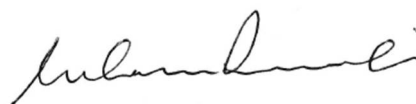
The directors declare that:

- 1 the financial statements and notes, as set out on pages 11 to 37 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 2016 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.



**Philip Bruce**  
Executive Chairman / Managing Director



**Graham Reveleigh**  
Director

8 September 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Hill End Gold Limited and its controlled entity

### *Report on the financial report*

We have audited the accompanying financial report of Hill End Gold Limited and its controlled entity, which comprises the consolidated statement of financial position as at 30 June 2016, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' responsibility for the financial report*

The directors of the company 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Matters Relating to Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report and remuneration report of the consolidated entity for the year ended 30 June 2016 included on the website of Hill End Gold Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This auditor's report refers only to the subject matter described above.

It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report or the remuneration report. If users of this report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained on this website version of the financial report and remuneration report.



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### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the directors of Hill End Gold Limited a written Auditors Independence Declaration a copy of which is included in the financial report.

### *Auditor's opinion*

In our opinion:

- (a) the financial report of Hill End Gold Limited and its Controlled Entity is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### *Emphasis of Matter Regarding Going Concern*

Without further qualification to the opinion expressed above, attention should be drawn to the following matter:

As indicated in the notes to the financial statements, the financial report has been prepared on the going concern basis as the directors believe that the group will be able to meet its debts as and when they fall due. Should the matters referred to in Note 1 (y) to the financial statements not eventuate, there is significant uncertainty whether the company will be able to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

### *Report on the remuneration report*

We have audited the remuneration report included on pages 10 to 12 of the directors' report for the year ended 30 June 2016. The directors of the company 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.

### *Auditor's Opinion*

In our opinion the remuneration report of Hill End Gold Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



**William M Moyes - Partner**

**Moyes Yong & Co Partnership**

Dated this 8<sup>th</sup> day of September 2016



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## CORPORATE GOVERNANCE

### Approach to Corporate Governance

Hill End Gold Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council Principles and Recommendations 2<sup>nd</sup> edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.hillendgold.com.au/aboutus/corporate-governance>, under the section marked "About Us", "Corporate Governance":

#### Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

#### Policies and Procedures

- Policy and Procedure for Selection and (Re) Appointment of Directors
- Process for Performance Evaluations
- Policy on Assessing the Independence of Directors
- Diversity Policy (summary)
- Code of Conduct
- Whistleblower Policy
- Policy on Continuous Disclosure
- Compliance Procedures (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy

The Company reports below on whether it has followed each of the recommendations during the 2015/2016 financial year (**Reporting Period**). The information in this statement is current at 8 September 2016.

### Board

#### Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

## **CORPORATE GOVERNANCE continued**

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

### **Skills, experience, expertise and period of office of each Director (Recommendation: 2.6)**

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 7. The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the Board's current composition. The mix of skills, qualifications and experience of the existing Board is geological; mining engineering, legal, investment; public company experience; and financial experience. The Board considers that this composition is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Company as an exploration and mining company.

### **Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)**

The Board has a majority of Directors who are independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities and the size and operations of the Company as an exploration and mining company. The Board periodically monitors the need to appoint additional independent directors.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent Directors of the Company during the Reporting Period were Denis Clarke, Quah Su-Yin, Graham Reveleigh and William Condon. These Directors are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. Mr William Condon joined the Board on 7 July 2015 and is an independent director. Quah Su-Yin (Non-Executive Director) resigned on 27 October 2015. Denis Edmund Clarke (Chairman) resigned 19 January 2016.

The non-independent Director of the Company is Philip Bruce, who is Executive Chairman of the Board and the Managing Director.

## **CORPORATE GOVERNANCE continued**

### **Independent professional advice (Recommendation: 2.6)**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

### **Selection and (Re) Appointment of Directors (Recommendation: 2.6)**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

## **Board committees**

### **Nomination Committee (Recommendations: 2.4, 2.6)**

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

## CORPORATE GOVERNANCE continued

### Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established a separate Audit Committee.

The Audit Committee held two (2) meetings during the Reporting Period. Details of the Directors' attendance at Audit Committee meetings are set out in the Directors' Report. Graham Reveleigh chairs the Audit Committee. The Company has adopted an Audit Committee Charter which describes its role, composition, functions and responsibilities of the Audit Committee.

Details of each of the Director's qualifications are set out in the Directors' Report. All members of the Board consider themselves to be financially literate and have industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

The Audit Committee, held (2) two meetings during the Reporting Period. Details of the Directors and their attendance at the Audit Committee meetings are set out in the following table:

Name	No. of meetings attended
Graham Reveleigh (Independent, non-executive)	2
William Condon (Independent, non-executive)	2
Denis Clarke (Independent, non-executive) resigned 19 January 2016	1

### Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Company has established a separate Remuneration Committee.

Graham Reveleigh is Chairman of the Remuneration Committee and William Condon (appointed 7 July 2015) is the other member of the Committee. Denis Clarke resigned from the Committee 19 January 2016.

Given the current size and composition of the Board, the Board believed that there were no efficiencies to be gained by conducting separate Remuneration Committee Meetings. Accordingly, the Board performed the role of the Remuneration Committee. Items that are usually required to be discussed by the Remuneration Committee were separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Remuneration Committee. The full Board did not officially convene in its capacity as a Remuneration Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

## **CORPORATE GOVERNANCE continued**

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. Non-executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive Directors, subject to obtaining the relevant approvals. This policy is subject to annual review. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity-based remuneration schemes.

The Company's Remuneration Committee Charter is available on the Company's website.

## **Performance evaluation**

### **Senior executives**

**(Recommendations: 1.2, 1.3)**

The Managing Director in consultation with the Board reviews the performance of the Senior Executives. The current size and structure of the Company allows the Managing Director to conduct informal evaluation of the Company's senior executives regularly. Open and regular communication with senior executives allows the Managing Director to ensure that senior executives meet their responsibilities as outlined in their contracts with the Company, and to provide feedback and guidance, particularly where any performance issues are evident. Annually, individual performance may be more formally assessed in conjunction with a remuneration review.

During the Reporting Period no evaluation of senior executives took place in accordance with the process disclosed.

### **Board, its committees and individual directors**

**(Recommendations: 2.5, 2.6)**

The Chair is responsible for evaluation of the Board and, when appropriate, Board committees and individual directors. The full Board, in its capacity as the Nomination Committee, is responsible for evaluating the Managing Director.

The Board of Directors undertakes an annual self-assessment of its collective performance and seeks specific feedback from the senior management team on particular aspects of its performance.

The performance of the non-executive Directors is appraised at least annually, through a formal performance appraisal process conducted by the Board. The Chairperson's performance is reviewed by the Board.

In addition, each Board committee undertakes an annual self-assessment on the performance of the committee and achievement of committee objectives.

The Board acting in its capacity as Nomination Committee did not officially conduct an evaluation of the Board, its committees, and individual Directors during the Reporting Period. Evaluation of the Board, its committees, and individual Directors-related discussions occurred from time to time during the year as required.



## **CORPORATE GOVERNANCE continued**

Given the current size and structure of the Company, the performance of the Managing Director is evaluated informally through open and regular communication with the Board during which feedback, guidance and support is provided. Annually, the Managing Director's performance may be more formally assessed in conjunction with a remuneration review.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

### **Ethical and responsible decision making**

#### **Code of Conduct**

**(Recommendations: 3.1, 3.5)**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy. The aim of the policy is to ensure that directors, officers and employees comply with their obligations under the Code of Conduct. It also encourages reporting of violations (or suspected violations) and provides effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

The Company's Code of Conduct and Whistleblower Policy are disclosed on the Company's website.

#### **Diversity**

**(Recommendations: 3.2, 3.3, 3.4, 3.5)**

The Company has not established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board does not intend to set measurable objectives for achieving gender diversity at this stage. The Board considers that due to the Company's current operations, size and number of employees it is not in a position to set meaningful objectives. The Board will review this position as the Company's circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at 30 June 2013 are set out in the following table:

	<b>Proportion of women</b>
Employees in whole organisation	0 out of 1 (0%)
Senior executive positions	0 out of 1 (0%)
Board	0 out of 3 (0%)

The Company's Diversity Policy and a summary of the Company's Diversity Policy is disclosed on the Company's website.

#### **Continuous Disclosure**

**(Recommendations: 5.1, 5.2)**

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

## **Shareholder Communication**

**(Recommendations: 6.1, 6.2)**

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

## **Risk Management**

**Recommendations: 7.1, 7.2, 7.3, 7.4)**

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

Given the current size and structure of the Company, the Board take an active role in risk management, with all matter before the Company, discussed during Board meeting.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's system for managing its material business risks includes the use of a risk matrix which identifies the Company's material business risks and risk management strategies for these risks. The Managing Director reviews the risk matrix annually, or as required, and presents the risk matrix and any updates to the Board at regular Board meeting.

The categories of risk reported on or referred to as part of the Company's systems and processes for managing material business risk are: protection of assets; financial reporting; and operational risks.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. A summary of the Company's Risk Management Policy is disclosed on the Company's website.

## ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<input checked="" type="checkbox"/>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<input checked="" type="checkbox"/>
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1:	<input checked="" type="checkbox"/>
<b>Principle 2: Structure the board to add value</b>		
2.1	A majority of the board should be independent directors.	<input checked="" type="checkbox"/>
2.2	The chair should be an independent director.	<input checked="" type="checkbox"/>
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	<input checked="" type="checkbox"/>
2.4	The board should establish a nomination committee.	<input checked="" type="checkbox"/>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<input checked="" type="checkbox"/>
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2:	<input checked="" type="checkbox"/>
<b>Principle 3: Promote ethical and responsible decision-making</b>		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<input checked="" type="checkbox"/>
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<input checked="" type="checkbox"/>
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	<input checked="" type="checkbox"/>
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<input checked="" type="checkbox"/>
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3:	<input checked="" type="checkbox"/>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
4.1	The board should establish an audit committee.	<input checked="" type="checkbox"/>
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	<input checked="" type="checkbox"/>
4.3	The audit committee should have a formal charter.	<input checked="" type="checkbox"/>
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4:	<input checked="" type="checkbox"/>
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	<input checked="" type="checkbox"/>
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5:	<input checked="" type="checkbox"/>
<b>Principle 6: Respect the rights of shareholders</b>		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	<input checked="" type="checkbox"/>
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6:	<input checked="" type="checkbox"/>
<b>Principle 7: Recognise and manage risk</b>		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<input checked="" type="checkbox"/>
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<input checked="" type="checkbox"/>
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	<input checked="" type="checkbox"/>
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7:	<input checked="" type="checkbox"/>
<b>Principle 8: Remunerate fairly and responsibly</b>		
8.1	The board should establish a remuneration committee.	<input checked="" type="checkbox"/>
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	<input checked="" type="checkbox"/>
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<input checked="" type="checkbox"/>
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8:	<input checked="" type="checkbox"/>

## 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 17 August 2016.

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

Holdings Ranges	Holders	Total Units	%
1-1,000	87	28,816	0.002
1,001-5,000	358	1,229,593	0.089
5,001-10,000	392	3,313,154	0.239
10,001-100,000	1,127	44,273,927	3.189
100,001-9,999,999,999	705	1,339,523,870	96.482
<b>Totals</b>	<b>2,669</b>	<b>1,388,369,360</b>	<b>100.000</b>

- (a) There are 2,096 Shareholders with less than a marketable parcel of ordinary shares.
- (b) There are two substantial shareholders in the Company's Register of Substantial Shareholders as at 17 August 2016, being JP Morgan Nominees Australia Limited which holds an aggregate of 18.109% and Citicorp Nominees Pty Limited which holds an aggregate of 11.553, of the ordinary shares on issue.

#### 2. Twenty Largest Shareholders

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

Rank	Shareholder	Number	%
1	CITICORP NOMINEES PTY LIMITED	251,414,487	18.11
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	160,395,513	11.55
3	BAO INDUSTRY PTY LTD	45,000,000	3.24
4	DORAEMON INVESTMENTS PTY LTD	45,000,000	3.24
5	ALCHEMY SECURITIES PTY LTD	44,108,913	3.18
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	32,248,749	2.32
7	COMMSEC NOMINEES PTY LTD	30,621,803	2.21
8	CAROL ANAK BILLY	28,571,429	2.06
9	MR SOH HAN CHUEN	25,714,285	1.85
10	LINK TRADERS (AUST) PTY LTD	24,210,000	1.74
11	MR MALCOLM THOMAS PRICE & MRS MAYUMI PRICE <M & M SUPERFUND A/C>	18,285,715	1.32
12	MR WISSAM EL ETER	14,794,163	1.01
12	MR DAVID CAMERON PARRISH & MRS JODIE ANN PARRISH <PARRISHGROUP SUPERFUND A/C>	11,544,000	0.83
14	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	11,431,540	0.82
15	LEEJAMES NOMINEES PTY LTD <THE HEPBURN SUPER FUND A/C>	11,136,674	0.80
16	A X F RESOURCES PTY LTD	10,899,511	0.79
17	TASMAN TECHNOLOGY PTY LTD	10,000,000	0.72
18	SUPER MRSJ PTY LTD <MSJ SUPER FUND A/C>	10,000,000	0.72
19	MR LOH KUWEI LAM	10,000,000	0.72
20	PETER BRUCE SWAN	10,000,000	0.72
	<b>Total Top 20</b>	<b>805,376,782</b>	<b>58.01</b>
	<b>Total Shares</b>	<b>1,388,369,360</b>	<b>100.00</b>

## SHAREHOLDER INFORMATION continued

### 3. Unlisted Option holders

#### Unlisted Options - \$0.05 expiring 29 November 2017

Rank	Option Holder	Number	%
1	DIAZILL PTY LTD	16,000,000	42.667
2	LINDGLADE ENTERPRISES PTY LTD <CLARKE SUPER FUND ACCOUNT>	8,000,000	21.333
3	DAYMOND & ASSOCIATES PTY LTD	3,500,000	9.333
4	G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	2,500,000	6.667
5	WILLIAM CONDON	2,500,000	6.667
6	LEET INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C>	2,500,000	6.667
7	MS SU-YIN QUAH	2,500,000	6.667
	<b>Total Top 20</b>	<b>37,500,000</b>	<b>100.00</b>

#### 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 Company and pursuant to the ASX listing rules the Company 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	17/06/2017	Current	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	Current	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	Current	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	Current	279.20 hectares	Part (Various)	Nil	1
Hill End	Mining Lease No 315 (1973)	Hill End Gold Limited	8/12/1976	7/12/2019	Current	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	Current	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	Current	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	Current	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	Current	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	Current	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	Current	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	Current	13.27 hectares	Nil	Nil	2, 3, 4
Hargraves	Exploration Licence No 6996 (1992)	Hill End Gold Limited	21/12/2007	21/12/2015	Renewal Pending	24 units	Nil	Nil	
Chambers Creek	Exploration Licence No 8289 (1992)	Hill End Gold Limited	24/3/2014	20/08/2017	Current	3 Units	Nil	Nil	

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

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

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

<sup>4</sup> 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).