

Concise
Annual Report 04

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Chairman's statement

Dear Shareholder,

Over the past year we have made considerable progress in the start up of the Hill End project and the establishment of your company. Our initial but tight funding of \$2.7 million before costs has enabled us to reopen old workings, set up the bulk sampling plant and to commence investigation of the underground potential in the Hawkins Hill - Reward area.

The 2004 Annual Report outlines the strategic directions and priorities pursued by the Board since listing on the ASX in July 2003. Directors are conscious of the limitations imposed by the low capital raised. The reality of challenges and opportunities offered by the Hill End prospects are much clearer to us and Philip Bruce will cover these activities and plans in his Managing Director's review of operations.

The initial exploration work over our surface leases has successfully demonstrated the shallow deposit potential and led to a better geological understanding of the large mineralised system at Hill End, particularly to the north along the Hill End Anticline. Initial resources have been announced for the Red Hill area, which is a promising outcome for this stage of exploration.

In terms of timing and exploitation of opportunities, underground development north of Hawkins Hill to the Patriarch/Reward areas and beyond has the prospect to outline new underground deposits during the coming year. Their size and production scope would be determined thereafter by further development and underground drilling and bulk sampling.

Funding is being prepared to provide for a focused underground development program to enable the access and data necessary to test the underground potential for significant deposits within the Hawkins Hill - Reward area.



Alf Paton

Chairman

Managing Director's review

Corporate

On 17 July 2003 the Company completed an Initial Public Offering raising \$2.7 million before fees and listed on the ASX. It immediately set about establishing operational facilities, hiring staff and constructing plant for the underground activities at Hill End and for the bulk sampling of gold bearing material.

In March 2004 the Company made a placement of \$1 million to undertake surface exploration at the Red Hill project area located five kilometres to the north of Hill End. This was supplemented with a Share Purchase Plan in April 2004, which raised a further \$0.32 million.

The Hill End Project

Hill End Gold's objectives are the development of substantial gold deposits in the Hill End area and to expand its asset base through discovery and acquisition.

The Company has redeveloped the Hawkins Hill workings at the Amalgamated level and has established a gravity sampling plant to test the large Hawkins Hill ~ Reward mineralised system.

Priority activities are :

- Developing access under the Hawkins Hill ~ Reward zone of workings
- Opening new underground deposits by drilling and development
- Recovery of gold from sampling of high grade zones intersected during development
- Bringing new deposits into production
- Surface exploration over extensive areas of high grade workings along the Hill End Anticline

Hill End is a gold mining district located approximately sixty kilometres north-west of Bathurst, New South Wales. The potential for discovery in the Hill End area is high given the low exploration effort over the area since the 1870's.

The Company's tenements in the the Hill End area of the Lachlan Fold Belt cover the very rich old mining areas of Hawkins Hill, Tambaroora and Red Hill and prolific gold workings along thirty five kilometres strike of the Hill End Anticline.

The immediate target for a significant deposit is the area to the north of Hawkins Hill, where diamond drilling and recent underground mapping have indicated that extensions of the high grade gold zones in Hawkins Hill occur as repetitions down plunge and down stratigraphy at a relatively shallow depth. Additional high grade targets have been identified during redevelopment of the underground and following compilation of historical data.

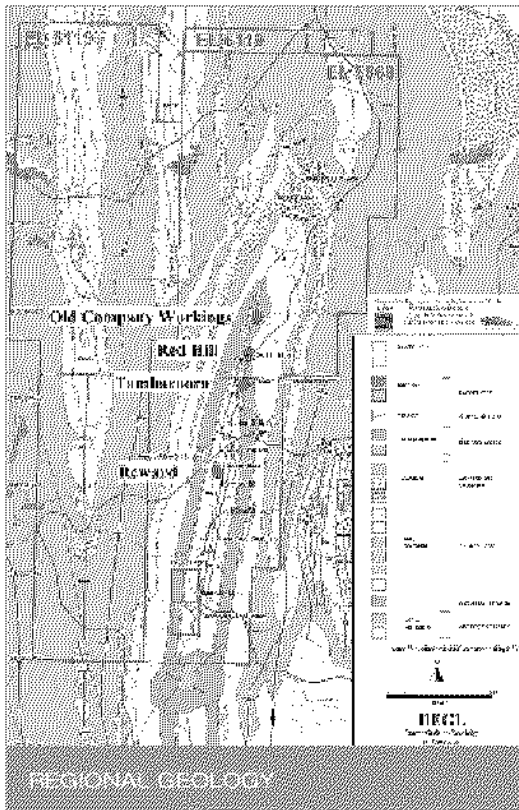
Regional surface exploration has provided exciting results with the identification of shallow oxide and deeper primary potential along the east and west flanks of the Hill End Anticline with initial resources delineated during the year at Red Hill, located five kilometres north of Hill End.

Potential for discovery

Hill End is located in the north-eastern Lachlan Fold Belt, which is the fastest growing gold producing area in Australia with over 40 million ounces of gold in new projects developed since the 1980's. Significant projects include Cadia/Ridgeway, Cowal, Browns Creek, Lewis Ponds, Tomingley, Peak Hill, Northparkes, Mineral Hill and the deposits near Hill End such as Sofala, Hargraves and the Bowdens Gift silver deposit.

Previous production from the Hawkins Hill workings is estimated at 400,000 ounces, with approximately five million ounces produced from gold deposits similar to Hawkins Hill ~ Reward and from weathered gold deposits in the Hill End area. It is noted that these figures are quite conservative since most of the gold was produced before records were kept.

Managing Director's Review *continued*



The Hill End host rocks and style of mineralisation are similar to the large high grade deposits of Bendigo and Ballarat, Victoria. Gold occurs in a variety of deposit types such as extensive bedded quartz veins, wide zones of sheeted quartz veins, stockworks and bonanza style infill mineralisation in flat and near-vertical cross-structures. The controlling structural features for gold mineralisation are now better understood and it is expected that drilling and development will find significant deposits below the existing workings and along the mineralised structural zones flanking the Hill End Anticline.

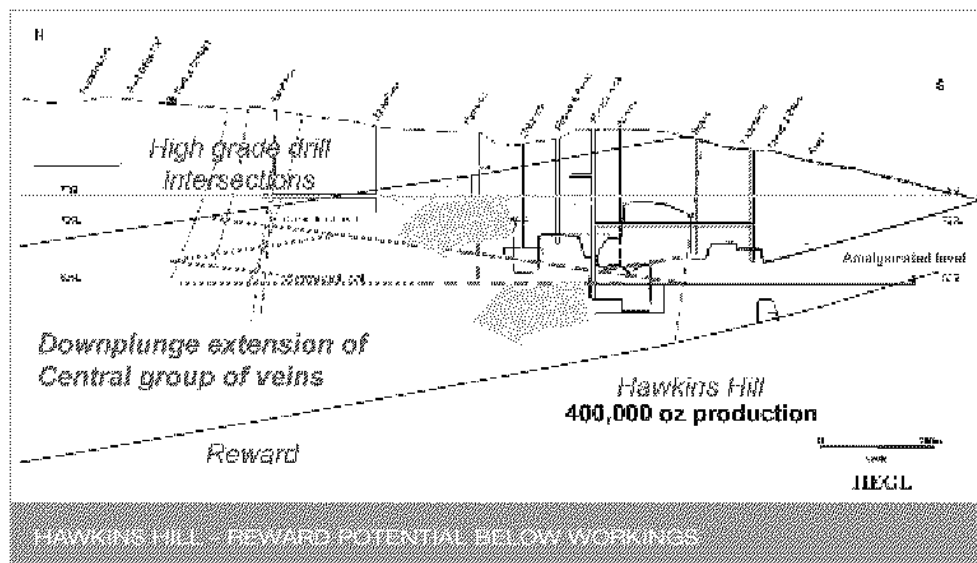
Hawkins Hill - Reward Development

Surface and underground facilities have been established at the Amalgamated site for the reopening of Hawkins Hill and development below the workings to the Reward area. A gravity bulk sampling plant has been commissioned after some initial challenges with the crushing and handling of slaty material and the pumping of coarse tailings material to the tailings dam. Plant commissioning was completed using stope backfill from the the Star of Peace stope, which was last mined during the 1920's.

Redevelopment of approximately 750 metres of tunnels on the Amalgamated and Consolidated levels was completed during the year including 30 metres of fresh development.

Rising from the Amalgamated level commenced on the Star of Peace vein in the Central group of veins (Mica, Star of Peace, Middle and Paxtons) to open new ground to the south of previous stoping. Gold mineralisation encountered in the rise is an up plunge extension of a partially mined shoot on the Star of Peace vein. Parallel shoots have been identified in the adjacent veins and are expected to be enriched at the intersection with the Holtermann's crosscourse to the south. These vein/crosscourse intersections are very high grade targets, which have produced strong mineralisation such as the Holtermann's "nugget". This is the world's largest specimen of gold at approximately 3,100 ounces, which was extracted from the Mica vein / Holtermann's crosscourse intersection.

Site facilities established include water storage and supply, mine office, amenities, workshop, power supply and compressed air and mining equipment acquired including two Toro 150 underground loaders. Mining was undertaken with assistance from mining contractor Comet Enterprises.

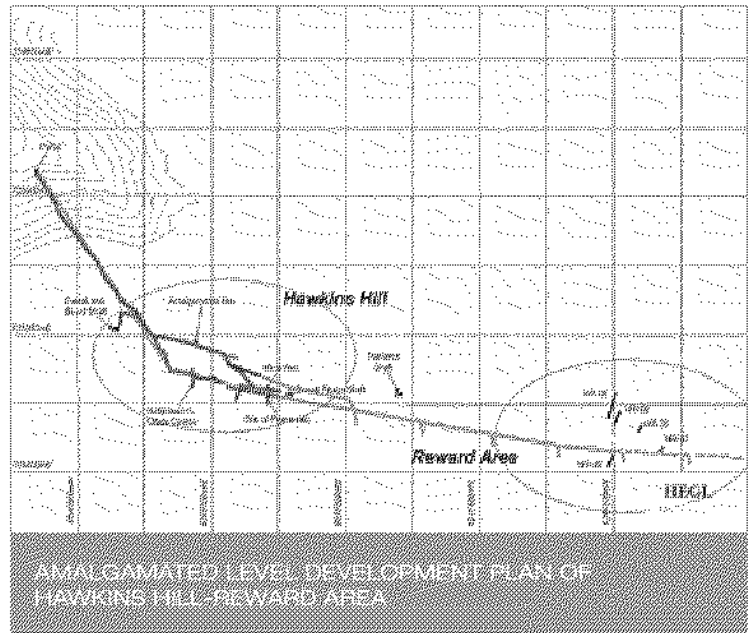


Managing Director's Review continued

Development is planned to continue to the north from Hawkins Hill to test the interpreted downplunge extensions of the high grade zones below the old workings and to provide a platform for further drilling and development.

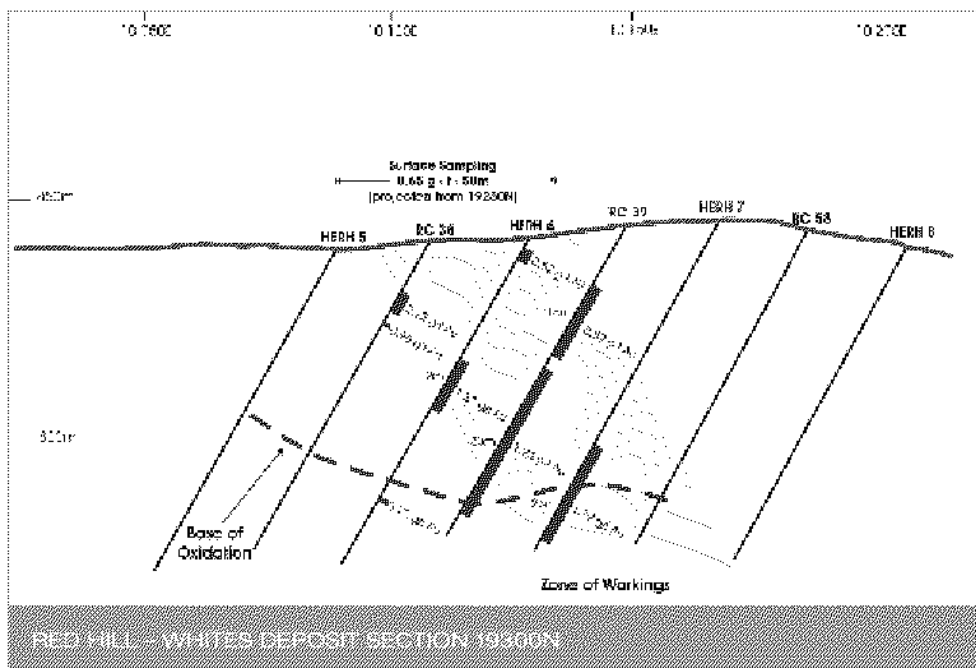
Exploration

The Hill End Goldfield lies within turbidite sequences in the North Hill End Trough. Rocks in the Hill End area have undergone biotite grade, greenschist-facies metamorphism with the north striking Hill End Anticline intruded to the south of the goldfield by the Bruinbun Granite which is of Lower Carboniferous age. The Hill End Anticline regionally plunges at approximately 10° to the north and in the Hawkins Hill area an east-dipping internal fold of the Hill End Anticline contains the majority of the gold-bearing quartz veins.



It is now known that that mineralisation associated with the Hill End Anticline has a close spatial relationship with the axial plane of the anticline. The majority of workings, whether they be bedded veins, fault veins or stockworks, are located in zones which are parallel to, and within a critical distance of, the axial plane of the Hill End Anticline on both the eastern and western flanks. These strongly mineralised zones of 50 -100 metres width and many kilometres length have been identified in the Hawkins Hill - Reward area, Red Hill - Old Company area and the Whites - Clines area.

Surface mapping and drilling have also identified extensive zones of shallow oxide gold mineralisation along these structural zones, particularly north of Hill End, where deep weathering to a depth of 70 metres and gently undulating topography is ideal for open pit development. During the year reverse circulation drilling outlined contiguous zones of shallow weathered gold resources in the Red Hill project area within an area of about 75 metres in width and 750 metres in strike length.



Managing Director's Review *continued*

The Red Hill zones contain gold mineralisation in a dilatant central zone of approximately 50 metres width associated with east dipping quartz veins. The Whites and Old Red Hill oxide and transitional (partially oxidised) resources are open along strike and primary mineralisation is open at depth and along strike with many drillholes finishing in good grade.

Metallurgical testing of oxide, transitional and primary samples from Whites and oxide samples from the Old Red Hill resource drill intersections was carried out with results indicating excellent gold recovery using simple gravity and leach processing at a relatively coarse grind.

Mineralisation Category	Whites			Old Red Hill		
	Tonnes	Grade	JORC Category	Tonnes	Grade	JORC Category
Oxide	209,400	1.05	Indicated	177,600	1.50	Inferred
Transitional	275,700	1.27	Indicated			
TOTAL	484,100	1.18	Indicated	177,600	1.50	Inferred
Contained gold	18,300 ounces			8,600 ounces		

The cross sectional polygonal resource estimation for oxide and transitional material was completed for the Whites and Old Red Hill areas using the following parameters:

Parameter	Criteria
Lower Cut Off Grade	0.2g/Au (low cost mining and processing)
Upper Cut Off Grade	NH, no composite > 5g/Au
Assay Interval	1 metre
Intersection Grade Averaging	Arithmetic
Sectional Grade Averaging	Polygon area weighted
Internal Dilution	Two assay intervals (2m)
Mining Dilution	NH
Polygon Influence on Section	Half distance to adjacent drill hole
Polygon Influence between Sections	Half distance to adjacent section
Nominal Pit Slopes	60° east slope, 45° west slope
Bulk Density	2.5t/m ³

Outlook for exploration

Exploration is focussed on additional discoveries of deposits in the Hill End area, which may be mined by underground or open pit methods. Prospectivity is considered high by Australian standards given the minor exploration undertaken to date on such a prolific gold field. During the coming year surface exploration will continue to test the extensive structural zones for large deposits along the Hill End Anticline.

Attribution

Resources comment and data herein are based on information provided by Mr John Gallo of JNK Exploration Services. Mr Gallo is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the styles of mineralisation being reported on to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves".

Tenements

The Company has a 100% interest in all of its Mining Leases and a 100% interest in all of its Exploration Licences except for a small portion of EL 5868, in which the Company has an 85% interest.

Hill End mining tenements

Tenement	Grant/ Application Date	Expiry Date	Status Exception	Area Restriction	Surface	Depth	Notes
Exploration Licence No 5868 (1992)	18 Jun 01	17 Jun 05	Current	113 units	Part	Nil	1. Hill End Historic Site excluded, Exploration Licence applies below Historic Site. 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001.
Exploration Licence No 6119 (1992)	25 Aug 03	24 Aug 05	Current	104 units	Nil	Nil	Nil
Exploration Licence No 6125 (1992)	12 Sep 03	11 Sep 05	Current	88 units	Nil	Nil	Nil
Gold Lease No 5846 (1906)	15 Feb 68	7 Dec 19	Current	2.044 hectares	Nil	Nil	
Mining Lease No 49 (1973)	30 Jul 75	7 Dec 19	Current	1.618 hectares	Nil	Nil	
Mining Lease No 50 (1973)	30 Jul 75	7 Dec 19	Current	3.02 hectares	Nil	Nil	
Mining Lease No 315 (1973)	8 Dec 76	7 Dec 19	Current	6.671 hectares	Nil	Nil	
Mining Lease No 316 (1973)	8 Dec 76	7 Dec 19	Current	8.846 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993
Mining Lease No 317 (1973)	8 Dec-76	7 Dec 19	Current	7 hectares	Nil	Nil	2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 913 (1973)	20 Jan 81	19 Jan 23	Current	22 hectares	Nil	Nil	
Mining Lease No 914 (1973)	20 Jan 81	19 Jan 23	Current	21.69 hectares	Nil	Nil	
Mining Lease No 915 (1973)	4 Feb 81	3 Feb 23	Current	13.27 hectares	Nil	Nil	
Mining Lease No 1116 (1973)	28 Mar 84	27 Mar 05	Current	15.71 hectares	Nil	Nil	
Mining Lease No 1541 (1992)	17 Oct 03	16 Oct 24	Current	279 hectares	Nil	Nil	Nil

Directors' report

This concise report has been derived from the full financial report for the year ended 30 June 2004. The full financial report and auditor's report will be sent to members on request, free of charge. Please call +61 7 4033 1805 and a copy will be forwarded to you.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of Hill End Gold Limited as the full financial report.

The Directors present their report on the Company for the year ended 30 June 2004.

Directors

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

Alfred Lampard Paton (Chairman)

Philip Francis Bruce (Managing Director)

Graham Charles Reveleigh (Executive Director)

Ian Noel Stuart Sloan (Non-Executive Director)

Principal Activities

The principal activities of the Company during the financial year were:

- establishing facilities and constructing plant at Hill End mine site, following the Company's listing on the Australian Stock Exchange Limited ('ASX') on the 17 July 2003;
- underground development and exploration in the Hawkins Hill Project Area and development towards the Reward Project Area; and
- surface exploration on the Company's exploration licences surrounding Hill End.

Results

The Company incurred a pre-tax operating loss of \$427,563 (2003: loss \$287,225).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year, (2003 – nil).

Review of Operations

The Company completed an Initial Public Offering raising \$2.7 million before fees and listed on the ASX on the 17 July 2004. It immediately set about establishing operational facilities, hiring staff and constructing plant for the underground activities and for the bulk sampling of gold bearing material. Redevelopment of the Hawkins Hill workings on the Amalgamated level was completed and developing commenced towards the Company's Reward project at Hill End, New South Wales.

Redevelopment of the historic Hawkins Hill workings revealed that significant mineralised potential still remains adjacent to the previously mined areas. In addition, exploration targets continue to be identified along the entire Hawkins Hill to Reward area below the previous workings. These targets are in a shallow north-plunging zone about 100 metres wide which outcrops over a strike length of

Directors' report continued

approximately one kilometre. This zone has already produced some 400,000 ounces of gold from shallow workings at Hawkins Hill.

In March 2004 the Company made a placement of \$1 million to undertake surface exploration at the Red Hill project area located five kilometres to the north of Hill End. This was supplemented with a Share Purchase Plan in April 2004, which raised a further \$315,513. The first stage reverse circulation drilling program was undertaken and resulted in the discovery of a resource of approximately 27,000 ounces of gold in three contiguous zones of shallow gold mineralisation, known as White's, Old Red Hill and Marshall McMahon. Further drilling is required to extend these resources in the Red Hill area, particularly along strike and to test the extensive mineralised structural corridor to the east and west of the Hill End Anticline.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs in the Company during the year other than:

- Listing of the Company on the Australian Stock Exchange Limited on 17 July 2003.
- 5.7 million shares voluntary restricted, 1.2 million shares compulsory restricted shares and 612,926 options were released from escrow on 28 October 2003.
- A Placement in March 2004 to sophisticated investors raising for \$1 million; and
- A Share Purchase Plan issued in April 2004 to Shareholders raising \$315,513.

Subsequent Events

The Company is in the process of raising further cash to fund its operations through a placement and a non-renounceable entitlement issue. These funds will be used to fund the Company's future operations at Hill End.

Likely Developments and Results

Information on likely developments is included in the Chairman's Statement accompanying this Financial Report.

Environmental Issues

The Hill End Project Area is located on mining leases issued by the Department of Mineral Resources and operates under an environmental licence issued by the Environmental Protection Authority.

These licences require the preparation of an annual Environmental Management Report and a Mining Operations Plan, which will be prepared and forwarded to the Department within two years of the commencement of development at Reward.

The Company had statutory obligations to protect the environment in which it was exploring. During the reporting period the Company did not fail to meet its obligations pursuant to any environmental legislation.

Information on Directors

(a) Qualifications and Experience

Alfred Lampard Paton, B.Eng, FAIM, MIE, MAusIMM, FAICD
Chairman (non executive)

Mr Paton has an engineering background and has over 50 years experience in business including the mining industry. From 1987 to 1990 he was Managing Director of Placer Pacific Limited and Kidston Gold Mines Limited, and was Chairman of these Companies from 1990 to 1994, when he also retired as a Director of Placer Dome Inc. Canada. Mr Paton, with his long and distinguished career as a Company Director, brings a wealth of experience to the Board. Mr Paton is a Director of CARE Australia.

Directors' report continued

Philip Francis Bruce, B.E. (Mining) (Hons) FAusIMM

Managing Director

Mr Bruce has over twenty-five years mining industry experience in Australia, South Africa and Indonesia in gold, platinum and base metals operations and senior corporate management. He has developed and managed profitable underground and open pit operations from small to large scale. He was the CEO of PT BHP Indonesia and has been a director of Buka Minerals Limited, Ausmelt Limited and Managing Director of Triako Resources Limited. As the General Manager – Development for Plutonic Resources Limited (PRL), he was responsible for the technical aspects of the acquisition and development of the PRL gold mining projects during the growth of the company from \$35 million to over \$1 billion market capitalisation. Mr Bruce was appointed Managing Director of the Company on 1 July 2004.

Graham Charles Reveleigh, MSc., MAusIMM, CPMAN, MCIMM

Executive Director

Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations. Graduating from the University of Queensland in 1966 with a BSc majoring in Geology, Mr Reveleigh spent 10 years in active exploration for gold, uranium, copper, and other minerals before becoming Mine Manager at Noble's Nob, where he ran the operations for seven years. During his exploration years Mr Reveleigh completed an MSc at James Cook University of North Queensland in 1977. Subsequently, he has worked on numerous projects both in Australia and overseas as a consultant. Mr Reveleigh worked for Northern Gold NL at Hill End NSW; Elders Resources at Red Dome, Queensland as Mine Superintendent /Mine Manager; Cyprus Gold Australia Corp as Project Manager for the feasibility study, construction, and operation of Moline Gold Mine in the Northern Territory; as Project Manager for Arimco at Gold Ridge, Solomon Islands; as part of the Pacific Deha team for Kennecott at Lihir; as well as smaller jobs in Philippines, New Caledonia, Siberia and most States in Australia. Mr Reveleigh has been the Site Manager for Nugget Resources Inc at Hill End, New South Wales since the commencement of the project, and for the last four years was Managing Director of that Company.

Ian Noel Stuart Sloan, B. Tech (Mech.), J.P. MAICD

Non Executive Director

Mr Sloan is a Mechanical Engineer with experience in engineering, mining and business management. Mr Sloan graduated from QUT with a degree in mechanical engineering. He has variously been Production Engineer for Nauru Phosphate Corporation on Nauru Island, Central Pacific and National Manufacturing Manager for Harbison ACI Pty Limited where he managed manufacturing plants in Unanderra, New South Wales and Dandenong, Victoria and a magnesite mine in Fifield, New South Wales. In 1981, Mr Sloan acquired a steel fabrication business which he operated for three years, after which he established the computer company, Magnasoft Pty Ltd.

(b) Meetings of Directors

The following table sets out the number of meetings of the company's Directors during the year ended 30 June 2004 and the number of meetings attended by each Director.

Name	Board Meetings		Committee Meetings			
	Directors Meetings		Remuneration		Audit	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
G. C. Reveleigh	9	9	-	-	-	-
A. L. Paton	9	9	1	1	2	2
I. N. S. Sloan	9	9	1	1	2	2
P. F. Bruce	9	9	1	1	2	2

No Nomination Committee Meetings were held during the year, with all relevant matters being considered by the full Board of Directors.

Directors' report continued

Share Options

Options issued in the current financial year

During the financial year the company issued a total of 9,515,728 options as part of the initial public offering completed on 14 July 2004.

Total outstanding options at the date of this report

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

Listed options	Exercisable at 25 cents on or before 30 June 2005	8,044,526
Restricted – 17 July 2005	Exercisable at 25 cents on or before 30 June 2005	1,471,202
Employee	Exercisable at 20 cents on or before 30 August 2006	950,000
Total options on issue		10,465,728

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.

Directors and Officers Indemnification

During or since the financial year, the Company has paid no premiums in respect of a contract insuring all the directors and officers of Hill End Gold Limited against costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of Sections 182 or 183 of the Corporations Law, as permitted by Section 199B of the Corporations Law.

The total amount of insurance contract premiums paid during the year was – Nil (2003 – \$Nil).

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



ALFRED PATON
Chairman

29 September 2004



PHILIP BRUCE
Managing Director

29 September 2004

Statement of financial performance

for the year ended 30 June 2004

	Notes	2004	2003
		\$	\$
Revenues from ordinary activities	1	111,949	21,193
Expenses from ordinary activities			
- Advertising		(64,382)	-
- Printing		(5,843)	-
- Share Registry		(20,284)	-
- Stock Exchange Fees		(20,821)	-
- Bank Fees		(7,939)	-
- Auditors		(8,278)	-
- Directors Emoluments		(164,733)	-
- Office Expenses		(63,110)	(55,763)
- Accounting Fees		(36,000)	-
- Corporate Advisory Fees		(11,708)	-
- Corporate Travel		(20,444)	-
- Depreciation		(77,894)	-
- Doubtful Debts		(34,243)	-
- Capital raising expenses		-	(205,365)
- Other expenses from ordinary activities		(3,833)	(47,290)
Loss from ordinary activities before income tax expense	2	(427,563)	(287,225)
Income tax expense		-	-
Loss from ordinary activities after income tax expense		(427,563)	(287,225)
Total changes in equity other than those resulting from transactions with owners as owners		(427,563)	(287,225)
Earnings per share			
		Cents	Cents
Basic earnings per share	5	(0.01)	(0.01)
Diluted earnings per share	5	(0.01)	(0.01)

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

Statement of financial position

as at 30 June 2004

		2004	2003
	Notes	\$	\$
Current Assets			
Cash assets		1,014,887	16,726
Receivables		55,265	25,724
Total Current Assets		1,070,152	42,450
Non-Current Assets			
Other financial assets		200,000	41,000
Deferred Exploration & Development		3,456,315	1,523,899
Property, Plant & Equipment		487,887	
Total Non-Current Assets		4,144,202	1,564,899
Total Assets		5,214,354	1,607,349
Current Liabilities			
Payables		415,992	243,334
Total Current Liabilities		415,992	243,334
Total Liabilities		415,992	243,334
Net Assets		4,798,362	1,364,015
Equity			
Contributed equity	3	6,099,320	2,237,410
Accumulated losses		(1,300,958)	(873,395)
Total Equity		4,798,362	1,364,015

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

Statement of cash flows

for the year ended 30 June 2004

	2004	2003
	\$	\$
Cash Flows From Operating Activities		
Interest received	111,949	21,193
Payments to suppliers and employees	(318,503)	(512,112)
Net cash outflows from operating activities	(206,554)	(490,919)
Cash Flows From Investing Activities		
Exploration Bonds	(159,000)	-
Property, Plant & Equipment	(565,781)	-
Exploration Expenditure	(1,932,415)	(47,290)
Net cash outflows from investing activities	(2,657,196)	(47,290)
Cash Flows From Financing Activities		
Proceeds from the issue of shares	3,861,911	539,411
Net cash inflows from financing activities	3,861,911	539,411
Net Increase in Cash Held	998,161	1,202
Cash at the Beginning of the Financial Year	16,726	15,524
Cash at the End of the Financial Year	1,014,887	16,726

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

Discussion and analysis

for the year ended 30 June 2004

Statement of financial performance

The Company reported an operating loss after tax of \$427,563 for the year ended 30 June 2004, compared to \$287,225 for the prior year. This reflected the start and increased activity of the operations at the Hill End site.

Statement of financial position

The Cash position was stronger than the previous financial year as the Company issued 13,602,350 ordinary shares raising capital of \$2.7 million and 2,000,000 ordinary vendor shares before issue costs. The Company was admitted to the official list of the Australian Stock Exchange on Monday, 14 July 2003 and listed on the exchange on Thursday, 17 July 2003. The funds raised in the Initial Public Offer were used to re-open the Reward Project Area and establish plant and infrastructure at the Hill End Site.

In March 2004 the Company issued 4,600,000 ordinary shares by way of a share placement realising a total of \$1.01 million before issue costs and in April 2004 the Company issued a further 1,434,153 ordinary shares by way of a share purchase plan realising a total of \$315,513. These funds were used for working capital and exploring Red Hill, which has resulted in the in the discovery of a resource of approximately 27,000 ounces of gold in three contiguous zones of shallow gold mineralisation, known as White's, Old Red Hill and Marshall McMahon.

Statement of cash flows

Cash flows from operating activities increased reflecting the higher level of interest earned from cash on deposit from the proceeds of the IPO in July 2003. This was offset in part by the greater level of operating activity and spending at the Hill End Site.

Cash flows from investing activities comprise funds spent on exploration activities and acquisition of plant and equipment at the Company's projects at Hill End, New South Wales.

Cash flows from financing activities reflect the funds raised in the IPO share issue in July 2003, Placement issue in March 2004 and Share Purchase Plan issue in April 2004. The company raised \$3.86 million after costs of the issues.

Notes to the financial statements

for the year ended 30 June 2004

This concise financial report relates to Hill End Gold Limited at the end of, or during the year ended 30 June 2004. The accounting policies adopted are consistent with those of the previous year.

	2004	2003
	\$	\$

1 Revenue

Revenue from outside the operating activities

Interest received	111,949	21,193
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2 Accumulated losses

Opening balance	873,395	586,170
Net loss for year	427,563	287,225
Closing balance	1,300,958	873,395

3 Contributed equity

Balance at the beginning of the financial year	2,237,410	1,697,999
Issue of shares to raise capital	3,861,910	539,411
Balance at the end of the financial year	6,099,320	2,237,410

4 Impact of adopting AASB equivalents to IASB standards

Hill End Gold Limited will be required to adopt the Australian equivalents of the International Financial Reporting Standards (IFRS) commencing with the financial year ending 30 June 2006. In order to manage the transition to IFRS, the Company has allocated internal resources and engaged expert consultants to perform an assessment of the key areas that will be impacted by the transition. Set out below is the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Impairment of Assets

The recoverable amount of an asset is to be determined as the higher of net selling price or value in use. This will result in a change in the Company's current accounting policy, which determines the recoverable amount of an asset on the basis of discounted cash flows. It is not expected that there will be a material impact as a result of the adoption of this standard.

Income Taxes

The Company will be required to use a balance sheet liability method, which focuses on the tax effects of transactions or other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

Notes to the financial statements continued

	2004	2003
	Cents	Cents

5 Earnings per share

Basic earnings per share	(0.01)	(0.01)
Diluted earnings per share	(0.01)	(0.01)

	Number	Number
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Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and alternative basis earnings per share	36,823,014	20,484,122
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and alternative diluted earnings per share	46,828,858	24,131,175

	\$	\$
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Reconciliation of earnings used in calculating earnings per share

Earnings used in calculating basic and diluted earnings per share	(427,563)	(287,223)
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Options granted to employees and directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

6 Segment information*Business Segments*

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

7 Full financial report

Further financial information can be obtained from the full financial report, which is available from the Company, free of charge, on request. A copy may be requested by calling the Company on (07) 4033 1805.

Directors' declaration

In the opinion of the Directors of Hill End Gold Limited the accompanying concise financial report of the Company for the year ended 30 June 2004, set out on pages 12 to 17:

- (a) has been derived from or is consistent with the full financial report for the financial year, and
- (b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

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



A Paton
Chairman

Sydney, 29 September 2004



Philip Bruce
Managing Director

Sydney, 29 September 2004

Independent audit report

To the members of Hill End Gold Limited:

Scope

We have audited the concise financial report of Hill End Gold Limited for the financial year ended 30 June 2004 as set out on pages 12 to 17, in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

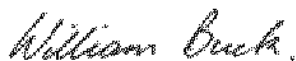
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Company for the financial year ended 30 June 2004. Our audit report on the full financial report was signed on 29 September 2004, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information included in it is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether the concise financial report complies with Australian Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of the Company complies with Accounting Standard AASB 1039: Concise Financial Reports.



WILLIAM BUCK
Chartered Accountants

Brisbane, 29 September 2004



D W LANGDON
Partner

Corporate governance statement

Board of Directors

The Company presently has two non-executive directors including the Chairman and two executive Directors which includes the Managing Director; this is not in conformity with the Board's policy that the Board have a majority of non-executive directors. Profiles of the members of the Board are set out in the Directors' Report.

The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which the Company interacts.

For the purposes of the proper performance of their duties, directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise.

The Board encourages non-executive directors to own shares in the Company.

Committees of the Board

It is the Board's policy that committees of the Board dealing with corporate governance matters should:

- be chaired by a non-executive director;
- have sufficient non-executive directors so that the committees are sufficiently independent of management;
- be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise;
- be entitled to obtain such resources and information from the Company, including direct access to employees of and advisers to the Company, as they may require; and
- operate in accordance with terms of reference established by the Board.

All committees operate principally in a review or advisory capacity.

Principal functions of Board committees

Audit Committee

Mr A. L. Paton (Chairman), Mr I. N. S. Sloan, Mr G. C. Reveleigh

- Assisting the Board in the discharge of its responsibilities in respect of the preparation of the Company's financial statements and the Company's internal controls
- Recommending to the Board, nominees for appointment as external auditors
- Reviewing the performance of the external auditors
- Providing a line of communication between the Board and the external auditors and
- Examining the external auditor's evaluation of internal controls and Management's response.

Remuneration Committee

Mr I. N. S. Sloan (Chairman), Mr A. L. Paton, Mr G. C. Reveleigh

- Terms and conditions relating to the appointment and retirement of the Managing Director, and the non-executive directors
- The remuneration policies and practices for the Company including participation in the incentive plan, share scheme and other benefits and
- Superannuation arrangements.

Corporate governance statement continued

Nomination Committee

Mr A. L. Paton, (Chairman), Mr P. F. Bruce, Mr G. C. Reveleigh)

- Assessing the performance of the Board and each director
- Assessing the appropriateness of the current structure of the Board
- If appropriate, recruiting directors for the Board and
- Ensuring that directors are aware of their responsibilities.

Business risks

The exploration for and the development of mineral deposits, and the processing of the material from such deposits to extract saleable minerals are speculative activities that involve a high degree of financial risk.

The Board has identified the significant areas of potential business and legal risk for the Company

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company are highlighted in the:

- annual budget presented to the Board by the Managing Director;
- operating and financial performance reports to the Board;
- annual insurance arrangements with major Australian insurers.

The Board reviews and approves the parameters under which such risks will be managed.

Annual review

It is the Board's policy that the Board should meet at least annually to:

- review the performance of the Board, the Company and Management; and
- review the allocation of the work of the Company between the Board and Management.

Ethical standards

The Company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics, which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

A key element of that Code is the requirement that officers and employees act in accordance with the law and with the highest standards of propriety. The Code and its implementation are to be reviewed each year.

Shareholder information

The shareholder information set out below was applicable as at 29 September 2004.

1 Distribution of Shareholders

(a) Analysis of number of shareholders by size of holding:

Category of holding	Number	Number of Shares	Percentage
1 - 1,000	18	8,117	0.02
1,001 - 5,000	87	326,960	0.77
5,001 - 10,000	192	1,827,905	4.33
10,001 - 100,000	365	13,251,773	31.40
100,001 shares and over	72	26,794,870	63.48
	734	42,209,625	100.00

(b) There are 107 shareholders with less than a marketable parcel of ordinary shares.

(c) There are two substantial shareholders in the Company's Register of Substantial Shareholders as at 29 September 2004, being Graham Reveleigh, who holds 9.24% and Philip Bruce, who holds 6.5% of the ordinary shares on issue.

2. Twenty largest Shareholders

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

Name	Shares held	
	Number	%
G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	2,446,450	5.796
DAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	2,114,456	5.009
G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	1,455,000	3.447
NATIONAL NOMINEES LIMITED	1,230,110	2.914
MR EDUARDO SIAO	1,040,000	2.464
ANZ NOMINEES LIMITED	892,790	2.115
MR NIGEL KIRWAN <THE GNPK FAMILY A/C>	805,000	1.907
ALAN THOMAS MCDONALD & WENDY MARGARET MCDONALD	660,667	1.565
UNLIMITED PTY LIMITED	600,000	1.421
PHILIP FRANCIS BRUCE	527,403	1.249
DALETECH PTY LTD <THE PITT STREET A/C>	524,531	1.243
NEFCO NOMINEES PTY LTD	500,000	1.185
MR GEFFREY BERNARD UNGER <EA UNGER & CO A/C>	475,000	1.125
MR ADRIAN GARRONE <GARRONE FAMILY A/C>	438,728	1.039
MR PETER CHISHOLM DREVERMAN	427,728	1.013
G M TURNER NOMINEES PTY LTD <TURNER SUPER FUND A/C>	422,728	1.001
MR GARY MICHAEL TURNER & MRS GILLIAN TURNER	422,728	1.001
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	400,550	0.949
BIGSON PTY LTD <MIKE GIBSON SUPER A/C>	400,000	0.948
DRILLSEARCH ENERGY LIMITED	350,000	0.829
Total	16,133,869	38.22

Shareholder information continued

Escrow provisions

As at 29 September 2004 the following shares were subject to escrow provisions:

Description	No. of Shares
Restricted – 17 July 2005	6,780,403

Voting rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share.

Optionholder information

The option holder information set out below was applicable as at 29 September 2004.

1 Distribution of Option holders

Category of holding	Number	Number of Shares	Percentage
1 - 1,000	1	500	0
1,001 - 5,000	154	765,000	8.04
5,001 - 10,000	56	482,500	5.07
10,001 - 100,000	137	4,104,011	43.13
100,001 shares and over	15	5,113,717	43.76
	363	10,465,728	100.00

2 Unlisted Options

Included in the options noted above are the following unlisted options issued to employees:

Expiry Date	Exercise Price	Number of Holders	Number of Options
30 August 2006	20 cents	5	950,000

Optionholder information continued

3 Twenty Largest Optionholders

The names of the twenty largest holders of listed options are listed below:

Name	Options held	
	Number	%
DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	875,000	9.195
G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	835,000	8.775
MR ADRIAN GARRONE <GARRONE FAMILY A/C>	382,250	4.017
MR ALAN CHRISTOPHER WALKER	379,765	3.991
G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	302,500	3.179
PHILIP FRANCIS BRUCE	263,702	2.771
MR LOUIS CLINTON	205,000	2.154
MR GEFREY BERNARD UNGER <EA UNGER & CO A/C>	175,000	1.839
MR JEREMY SUTTON	152,500	1.603
MR CHARLES JOSEPH CILIA	130,000	1.366
DALETECH PTY LIMITED <THE SLOAN SUPER FUND A/C>	125,000	1.314
MR BRIAN PETER BYASS	125,000	1.314
MINORU PTY LTD	108,000	1.135
DALETECH PTY LTD <THE PITT STREET A/C>	105,000	1.103
MR EDUARDO SIAO	100,000	1.051
MR ALFRED LAMPARD PATON	100,000	1.051
MR STEPHEN JOHN KERSHAW	100,000	1.051
UNLIMITED PTY LIMITED	100,000	1.051
PHILLIP SECURITIES NOMINEES LTD	92,500	0.972
MRS ZHI XIN YU	90,000	0.946
Total	4,746,217	49.88

4 Restricted Securities

As at 29 September 2004 the following options were subject to escrow provisions:

Description	Expiry Date	No. of Options
Restricted – 17 July 2005	Exercisable at 25 cents on or before 30 June 2005	1,471,202

Corporate directory

Directors

Alfred Lampard Paton
Non Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Executive Director

Ian Noel Stuart Sloan
Non Executive Director

Company Secretary

Kevin Martin Lynn

Australian Company Number

072 692 365

Sydney Office

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Facsimile: + 61 2 8249 4919

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Facsimile: +61 7 4033 6415
www.hillendgold.com.au

Field Office

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Hill End NSW 2850

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Facsimile: + 61 2 6337 8345

Share Registry

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Sydney NSW 2000

Telephone +61 2 9290 9600
Facsimile: +61 2 9279 0664
www.registriesltd.com.au

Auditor

William Buck
Level 1, 74 Abbott Street
Cairns QLD 4870

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Facsimile: +61 7 4051 8827

Legal Adviser

Ian Congdon
Solicitor
Level 7, 37 Bligh Street
Sydney NSW 2000

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