

HILL END GOLD LIMITED

ACN 072 692 365

ANNUAL REPORT

30 JUNE 2004

Contents

	Page
Chairman's statement	3
Managing Director's review	4
Hill End mining tenements	8
Directors' report	9
Statement of financial performance	13
Statement of financial position	14
Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	28
Independent audit report	29
Corporate governance statement	30
Shareholder information	32
Option holder information	34
Corporate directory	36

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

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.

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, stock works 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 Star of Peace stope, which was last mined during the 1920's.

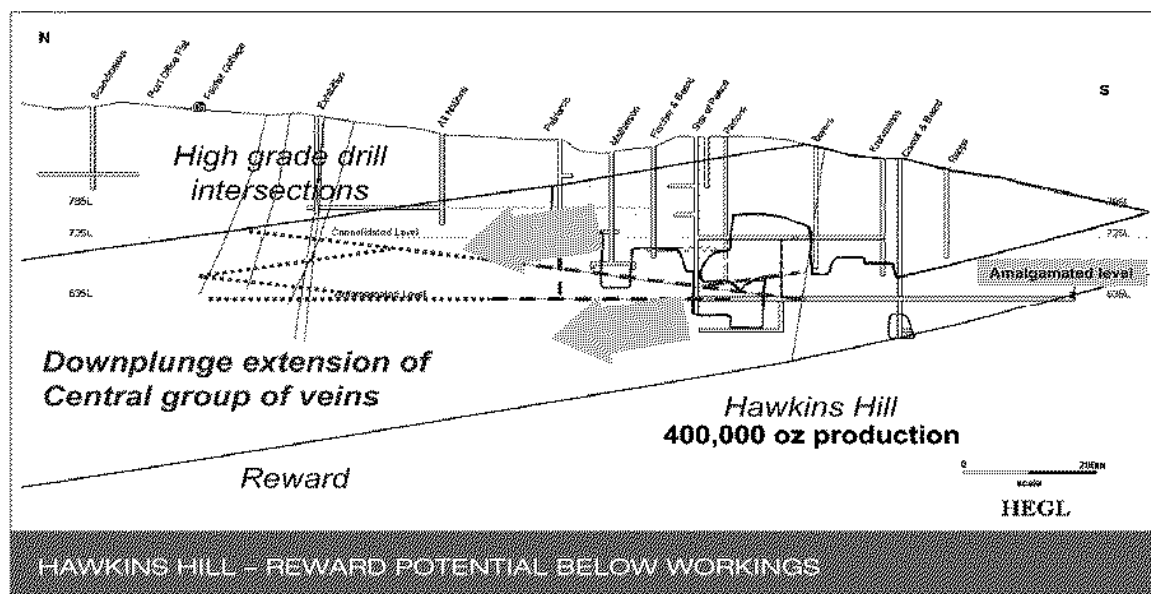
Redevelopment of approximately 750 metres of tunnels on the Amalgamated and Consolidated

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.

Development is planned to continue to the north from Hawkins Hill to test the interpreted down plunge 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.

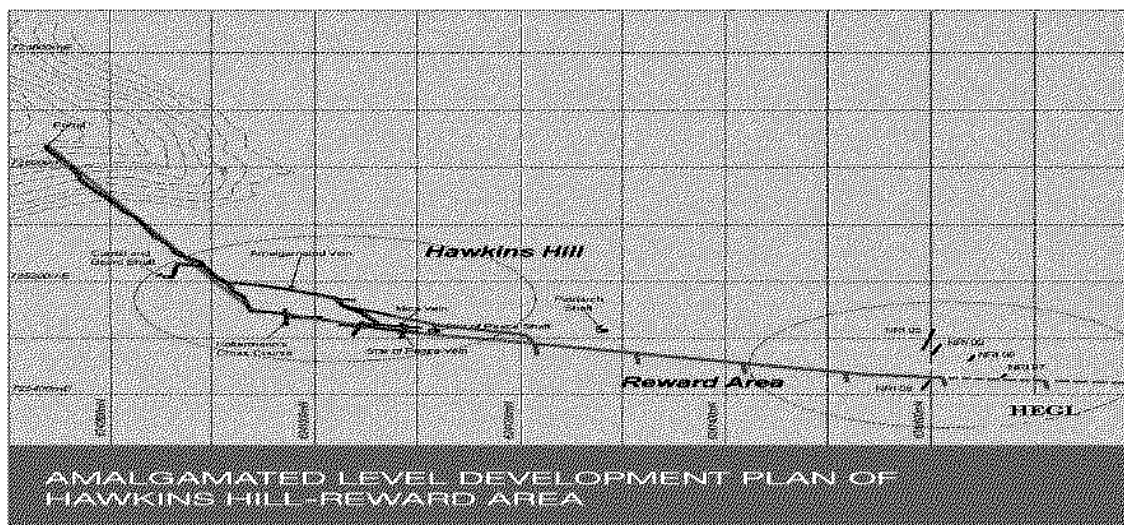
It is now known that that mineralisation associated with the Hill End Anticline has a close spatial relationship with the axial plane of the anticline. The majority of workings, whether they be bedded veins, fault veins or stock works, are located in zones which are parallel to, and within a critical 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.

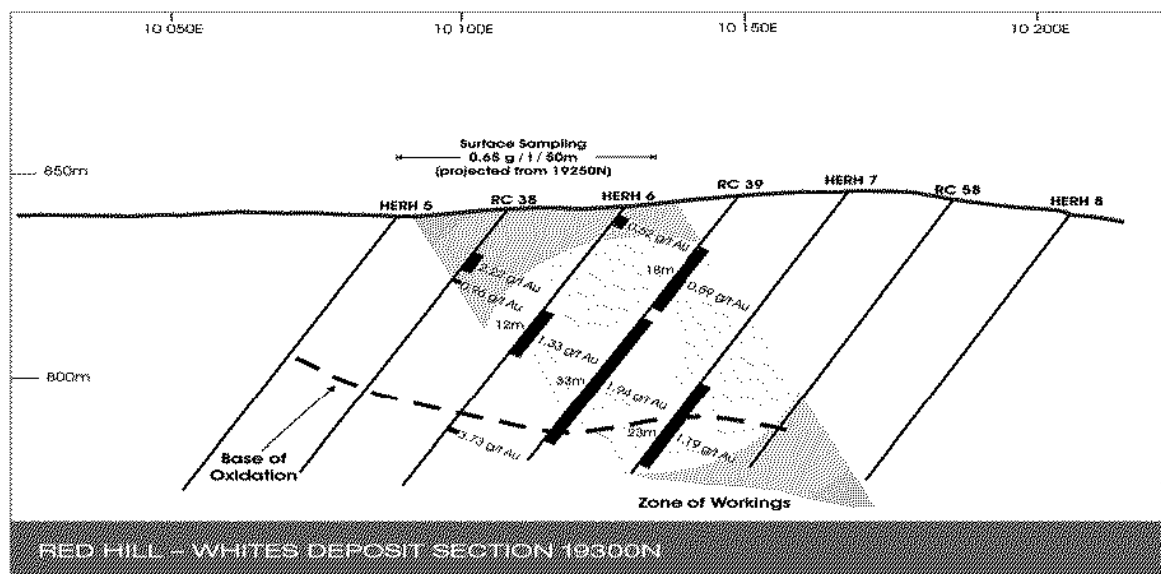
Surface mapping and drilling have also identified extensive zones of shallow oxide gold mineralisation along these structural zones, particularly north of Hill End, where deep weathering to a depth of 70 metres and gently undulating topography is ideal for open pit development. During the year reverse 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.

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 drill holes 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.

	Whites			Old Red Hill		
Mineralisation Category	Tonnes	Grade	JORC Category	Tonnes	Grade	JORC Category
Oxide	209,000	1.05	Indicated	177,600	1.50	Inferred
Transition	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/tAu (low cost mining and processing)
Upper Cut Off Grade Nil,	no composite > 5g/tAu
Assay Interval	1 metre
Intersection Grade Averaging	Arithmetic
Sectional Grade Averaging	Polygon area weighted
Internal Dilution	Two assay intervals (2m)
Mining Dilution	Nil
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 focused 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 Licenses 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	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 49 (1973)	30 Jul 75	7 Dec 19	Current	1.818 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 50 (1973)	30 Jul 75	7 Dec 19	Current	3.02 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 315 (1973)	8 Dec 76	7 Dec 19	Current	6.871 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
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 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 317 (1973)	8 Dec-76	7 Dec 19	Current	7 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 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	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 914 (1973)	20 Jan 81	19 Jan 23	Current	21.69 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 915 (1973)	4 Feb 81	3 Feb 23	Current	13.27 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 1116 (1973)	28 Mar 84	27 Mar 05	Current	15.71 hectares	Nil	Nil	1. Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993 2. Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd dated 26 June 2001
Mining Lease No 1541 (1992)	17 Oct 03	16 Oct 24	Current	279 hectares	Nil	Nil	Nil

HILL END GOLD LIMITED DIRECTORS' 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 exploration licences surrounding Hill End.

Results

The Company incurred a pre-tax operating loss of \$ 427,473 (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 \$2.57 million after 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 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.

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

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 Report 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.

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

Mr Bruce 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.

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

Graham Charles Reveleigh, M.Sc., MAusIMM, CPMAN, MCIMM,
Executive Director

Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations. Graduating from 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, Qld 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 Delta 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 NSW 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, NSW. In 1981, Mr Sloan acquired a steel fabrication business, which he operated for 3 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 was held during the year, with all relevant matters being considered by the full Board of Directors.

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

(c) Share Options

Options issued in the current financial year

During the financial year the company issued a total of 9,515,728 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	<u>950,000</u>
Total options on issue		<u>10,465,728</u>

(d) 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.

(e) 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

HILL END GOLD LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
Revenues from ordinary activities	2	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	3	(427,563)	(287,225)
Income tax expense	4	-	-
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	12	(427,563)	(287,225)
		Cents	Cents
Basic earnings per share	20	(0.01)	(0.01)
Diluted earnings per share	20	(0.01)	(0.01)

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

HILL END GOLD LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Notes	2004 \$	2003 \$
Current Assets			
Cash assets	5	1,014,887	16,726
Receivables	6	55,265	25,724
Total Current Assets		<u>1,070,152</u>	<u>42,450</u>
Non-Current Assets			
Other financial assets	7	200,000	41,000
Deferred Exploration & Development	8	3,456,315	1,523,899
Property Plant & Equipment	9	487,887	-
Total Non-Current Assets		<u>4,144,202</u>	<u>1,564,899</u>
Total Assets		<u>5,214,354</u>	<u>1,607,349</u>
Current Liabilities			
Payables	10	415,992	243,334
Total Current Liabilities		<u>415,992</u>	<u>243,334</u>
Total Liabilities		<u>415,992</u>	<u>243,334</u>
Net Assets		<u>4,798,362</u>	<u>1,364,015</u>
Equity			
Contributed equity	11	6,099,320	2,237,410
Accumulated losses	12	(1,300,958)	(873,395)
Total Equity		<u>4,798,362</u>	<u>1,364,015</u>

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

HILL END GOLD LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$	2003 \$
Cash Flows From Operating Activities			
Interest received		111,949	21,193
Payments to suppliers and employees		<u>(318,503)</u>	<u>(512,112)</u>
Net cash outflows from operating activities	17	<u>(206,554)</u>	<u>(490,919)</u>
Cash Flows From Investing Activities			
Exploration Bonds		(159,000)	-
Property Plant & Equipment		(565,781)	-
Exploration Expenditure		<u>(1,932,415)</u>	<u>(47,290)</u>
Net cash outflows from investing activities		<u>(2,657,196)</u>	<u>(47,290)</u>
Cash Flows From Financing Activities			
Proceeds from the issue of shares		<u>3,861,911</u>	<u>539,411</u>
Net cash inflows from financing activities		<u>3,861,911</u>	<u>539,411</u>
Net Increase in Cash Held		998,161	1,202
Cash at the Beginning of the Financial Year		<u>16,726</u>	<u>15,524</u>
Cash at the End of the Financial Year	5	<u>1,014,887</u>	<u>16,726</u>

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

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

(a) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development 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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

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 on an undiscounted basis.

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.

(b) Trade creditors

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

(c) Cash

For the purposes of the statement of cash flows, cash 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.

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Net fair value

The net fair value of cash, investments and trade creditors approximates their carrying value.

(e) Revenue

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

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

(f) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit or loss (after allowing for permanent differences). The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates, which are expected to apply when those timing differences reverse.

(g) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(h) Property, Plant and Equipment

Property, plant and equipment is depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition.

The depreciation rates used are as follows:

Plant and equipment	20-25% straight line
Office furniture and equipment	25-33½% straight line
Motor vehicles	33½% straight line

(i) Employee Entitlements

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

HILL END GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 company 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.

(k) Comparative Figures

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

(l) 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.

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	2004 \$	2003 \$
2. REVENUE		
Revenue from outside the operating activities		
Interest received	<u>111,949</u>	<u>21,193</u>
3. OPERATING LOSS FROM ORDINARY ACTIVITIES		
The operating loss from ordinary activities before income tax is arrived at after charging:		
- 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	<u>3,833</u>	<u>47,290</u>
4. INCOME TAX		
(a) Income Tax Expense		
The prima facie tax calculated on the operating loss from ordinary activities before income tax is reconciled to income tax as follows:		
Operating loss before income tax	<u>(427,563)</u>	<u>(287,225)</u>
Prima facie income tax benefit at 30% on operating loss	128,269	86,168
Add tax effect of:		
Income tax losses not recognised as a benefit	(150,402)	(59,832)
Timing differences	<u>22,133</u>	<u>(26,336)</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>
(b) Deferred Tax Assets Not Recognised		
Income tax loss carried forward	294,276	143,871
Timing differences	<u>96,011</u>	<u>118,146</u>
	<u>390,287</u>	<u>262,017</u>

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

4. INCOME TAX (Continued)

The benefit for the above tax losses will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

	2004 \$	2003 \$
5. CASH ASSETS		
Cash at bank and on hand	<u>1,014,888</u>	<u>16,726</u>
Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:		
Cash assets	<u>1,014,888</u>	<u>16,726</u>
6. RECEIVABLES		
Other Debtors	89,508	25,724
Provision for Doubtful Debts	<u>(34,243)</u>	<u>-</u>
	<u>55,265</u>	<u>25,724</u>
7. OTHER FINANCIAL ASSETS		
Non-Current		
Performance guarantee bonds	<u>200,000</u>	<u>41,000</u>
8. OTHER		
Non-Current		
Exploration expenditure		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	1,523,899	1,523,899
Expenditure in the period	1,932,416	47,290
Expenditure written off	<u>-</u>	<u>(47,290)</u>
	<u>3,456,315</u>	<u>1,523,899</u>

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
9. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	426,329	-
Less: Accumulated depreciation	<u>(67,600)</u>	<u>-</u>
	<u>358,729</u>	<u>-</u>
Motor vehicles - at cost	139,452	-
Less: Accumulated depreciation	<u>(10,294)</u>	<u>-</u>
	<u>129,158</u>	<u>-</u>
	<u>487,887</u>	<u>-</u>

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:

	Plant & Equipment	Motor Vehicles	Total
	\$		\$
Carrying value at start of year	-	-	-
Additions	426,329	139,452	505,020
Disposals	-	-	-
Depreciation	<u>(67,600)</u>	<u>(10,294)</u>	<u>(77,894)</u>
Carrying value at end of year	<u>358,729</u>	<u>129,158</u>	<u>487,887</u>

	2004	2003
	\$	\$
10. PAYABLES		
Current		
Trade creditors and accruals	<u>415,992</u>	<u>243,334</u>

11. CONTRIBUTED EQUITY

(a) Issued and paid up capital

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

Consisting of 42,209,625 ordinary shares (2003:
20,484,122 ordinary shares)

HILL END GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	2004 \$	2003 \$
11. CONTRIBUTED EQUITY (Continued)		

(a) Issued and paid up capital (continued)

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.

(b) Share Options

During the financial year the company issued a total of 9,498,228 listed options as part of the Company's Initial Public Offering on 14 July 2003. In addition, 17,500 listed options were issued in lieu of cash for the payment of expenses. These options are exercisable on or before 30 June 2005 at 25 cents per share.

There are also on issue 950,000 employee options. Under the terms of the Employee Option Plan, the exercise price for an Option is 20 cents per Share. In accordance with clause 5(c) of the option plan, and upon the expiration of the non-exercise period, the Option Holder has the choice of paying the full exercise price 20 cents per Share or, alternatively, paying 1 cent of the issue price per share in which case the Option Holder shall be entitled to be issued partly paid Shares, which will be converted to fully paid Shares when the balance of 19 cents per share is paid.

	2004 Number	2003 Number
Movements in options		
Balance at the beginning of the financial year	950,000	950,000
Issue of options	9,515,728	-
Balance at the end of the financial year	10,465,728	950,000
	2004 \$	2003 \$
12. ACCUMULATED LOSSES		
Opening balance	873,395	586,170
Net loss for year	427,563	287,225
Closing balance	1,300,958	873,395

13. AUDITORS' REMUNERATION

Remuneration for audit or review of the financial reports of the parent entity or any entity in the Company:

Current auditors of the parent entity:

Audit and review of the financial statements	8,278	5,000
Other services	-	9,515
	8,278	14,515

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

14. REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Names of directors and specified executives the and positions held at any time during the year:

Directors

A Paton	Chairman – Non-Executive
P Bruce	Director – Non-Executive
G Reveleigh	Director – Executive
I Sloan	Director – Non-Executive

Specified Executives

K Lynn	Chief Financial Officer and Company Secretary
--------	---

(b) Relevant Interests in Options and Ordinary Shares at the Date of this Report

Employee Options	Balance 1 July 2003	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2004
Specified Directors					
A Paton	250,000	-	-	-	250,000
G Reveleigh	200,000	-	-	-	200,000
P Bruce	200,000	-	-	-	200,000
I Sloan	200,000	-	-	-	200,000
Specified Executives					
K M Lynn	100,000	-	-	-	100,000
Total	950,000	-	-	-	950,000

Listed Options	Balance 1 July 2003	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2004
Specified Directors					
A Paton	100,000	-	-	-	100,000
G Reveleigh	1,127,500	-	-	-	1,127,500
P Bruce	1,138,702	-	-	-	1,138,702
I Sloan	230,000	-	-	-	230,000
Specified Executives					
K M Lynn	-	-	-	-	-
Total	2,596,202	-	-	-	2,596,202

Ordinary Shares	Balance 1 July 2003	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2004
Specified Directors					
A Paton	200,000	-	-	52,728	252,728
G Reveleigh	3,858,722	-	-	42,728	3,901,450
P Bruce	2,490,736	-	-	264,456	2,755,192
I Sloan	800,955	-	-	79,718	880,673
Specified Executives					
K M Lynn	-	-	-	-	-
Total	7,350,413	-	-	439,630	7,790,043

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

14. REMUNERATION OF DIRECTORS AND EXECUTIVES (Continued)

(c) Directors and Senior Officers Emoluments

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to Board members and senior officers of the Company. 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 Company has not employed any executive officers, other than Directors, who were involved in, concerned in, or who took part in the management of the Company's affairs. Details of the nature and amount of the remuneration of each Director of the company are set out below:

(d) Emolument Of Directors

	Salary Fees & Commissions	Superannuation	Total
2004	\$	\$	\$
A. L. Paton	20,000	-	20,000
P.F. Bruce	47,083	4,237	51,320
I. N. S. Sloan	15,000	1,630	16,630
G.C. Reveleigh	75,000	6,250	81,250

There were no shares or options issued as remuneration to directors during the financial year ended June 2004.

There were no directors fees paid in the financial year ended June 2003.

(e) Emoluments of the Executives

	Salary Fees & Commissions	Superannuation	Total
2004	\$	\$	\$
K M Lynn	36,000	-	36,000

The Board sets all remuneration packages. The broad remuneration policy is to ensure that each senior staff member's remuneration package properly reflects the person's duties and responsibilities. Current market conditions are also taken into account in determining the appropriate remuneration package.

There were no shares or options issued as remuneration to executives during the financial year ended June 2004.

There were no executive salaries paid in the financial year ended June 2003.

HILL END GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

15. RELATED PARTY TRANSACTIONS

Related parties of Hill End Gold Limited fall into the following categories:

Directors

Other Transactions with Director Related Entities

Payment/provision of the following payments were made for consulting and other services to related entities of the following directors:

	2004	2003
	\$	\$
G C Reveleigh	249,749	198,031
I NS Sloan	15,575	24,000

All transactions were on normal commercial terms.

16. SEGMENT INFORMATION

Business Segments

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

	2004	2003
	\$	\$
17. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss after income tax	(427,563)	(287,225)
Doubtful Debts	34,234	-
Depreciation	77,894	-
Exploration Expenditure written off	-	47,290
Increase (decrease) in trade creditors and accruals	108,881	(250,984)
Net cash outflows from operating activities	(206,554)	(490,919)

18. 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	200,000	200,000
Due beyond one year and within five years	-	-
	200,000	200,000

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

19. FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

The Company's 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 financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non- interest Bearing	Total
	%	\$	Within 1 year \$	Over 1 year \$	\$	\$
2004						
FINANCIAL ASSETS						
Cash assets	4.5	-	1,014,887	-	-	1,014,887
Performance guarantee bonds		-	-	200,000	-	200,000
Other financial assets		-	-	-	55,265	55,265
		-	1,014,887	200,000	55,265	1,270,152
FINANCIAL LIABILITIES						
Payables		-	-	-	(415,992)	(415,992)
NET FINANCIAL ASSETS (LIABILITIES)		-	1,014,887	200,000	(360,727)	854,160
2003						
FINANCIAL ASSETS						
Cash assets	4.5	-	16,726	-	-	16,726
Performance guarantee bonds		-	-	41,000	-	41,000
Other financial assets		-	-	-	25,724	25,724
		-	16,726	41,000	25,724	83,450
FINANCIAL LIABILITIES						
Payables	-	-	-	-	(243,334)	(243,334)
NET FINANCIAL ASSETS (LIABILITIES)		-	16,726	41,000	(217,610)	(159,884)

(b) Reconciliation of net financial assets per statement of financial position:

	2004 \$	2003 \$
Net financial assets per above	854,160	(159,884)
Property Plant & Equipment	487,887	-
Deferred Exploration	3,456,315	1,523,899
Net assets per statement of financial position	4,798,362	1,364,015

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

19. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) 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 statements of financial position and notes to the financial statements.

(d) Net Fair Values

The net fair values of the financial assets and financial liabilities approximate their carrying values.

No financial assets and financial 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 statements of financial position and in the notes to the financial statements.

20. EARNINGS PER SHARE

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

Number	Number
---------------	---------------

Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basis 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
-------------------	-------------------

\$	\$
-----------	-----------

Reconciliation of earnings used in calculating earnings per share

Earnings used in calculating basic and diluted earnings per share

(427,563)	(287,225)
------------------	------------------

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. Details relating to the options are set out in Note 10.

HILL END GOLD LIMITED
DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 13 to 27:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and Company's financial position as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company 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 Directors.

A Paton
Chairman

Sydney
29 September 2004

Philip Bruce
Managing Director

Sydney
29 September 2004

HILL END GOLD LIMITED

INDEPENDENT AUDIT REPORT

To the Members of Hill End Gold Limited:

Scope

We have audited the financial report of Hill End Gold Limited for the financial year ended 30 June 2004 as set out on pages 13 to 28. The company's directors are responsible for the financial report, which includes the consolidated financial statements of the Company comprising the company and the entities it controlled at the year's end or during the financial year. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether or not the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether or not, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the company's and the Company's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Hill End Gold Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and Company's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

WILLIAM BUCK
Chartered Accountants

D W LANGDON
Partner

Brisbane
29 September 2004

HILL END GOLD LIMITED
CORPORATE GOVERNANCE STATEMENT

BOARD OF DIRECTORS

The Company presently has two non-executive directors including the Chairman and two executive directors, including a Managing Director; which 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.

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.

HILL END GOLD LIMITED
CORPORATE GOVERNANCE STATEMENT
(continued)

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.

HILL END GOLD LIMITED 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	No. of Shares Held	Percentage of Shares held
1. G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	2,446,450	5.796
2. DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	2,114,456	5.009
3. G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	1,455,000	3.447
4. NATIONAL NOMINEES LIMITED	1,230,110	2.914
5. MR EDUARDO SIAO	1,040,000	2.464
6. ANZ NOMINEES LIMITED	892,790	2.115
7. MR NIGEL KIRWAN <THE GNPB FAMILY A/C>	805,000	1.907
8. ALAN THOMAS MCDONALD & WENDY MARGARET MCDONALD	660,667	1.565
9. UNLIMITED PTY LIMITED	600,000	1.421
10. PHILIP FRANCIS BRUCE	527,403	1.249
11. DALETECH PTY LTD <THE PITT STREET A/C>	524,531	1.243
12. NEFCO NOMINEES PTY LTD	500,000	1.185
13. MR GIFFREY BERNARD UNGER <EA UNGER & CO A/C>	475,000	1.125
14. MR ADRIAN GARRONE <GARRONE FAMILY A/C>	438,728	1.039
15. MR PETER CHISHOLM DREVERMAN	427,728	1.013
16. G M TURNER NOMINEES PTY LTD <TURNER SUPER FUND A/C>	422,728	1.001
17. MR GARY MICHAEL TURNER & MRS GILLIAN TURNER	422,728	1.001
18. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	400,550	0.949
19. BIGSON PTY LTD <MIKE GIBSON SUPER A/C>	400,000	0.948
20. DRILLSEARCH ENERGY LIMITED	350,000	0.829
Total	16,133,869	38.22

HILL END GOLD LIMITED
SHAREHOLDER INFORMATION
(continued)

3. Restricted Securities

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

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

4. 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.

HILL END GOLD LIMITED

OPTIONHOLDER INFORMATION

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

1. Distribution of Optionholders

Category of holding	Number	Number of Options	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

3. Twenty Largest Optionholders

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

Name	No. of Options Held	Percentage of Options held
1. DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	875,000	9.195
2. G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	835,000	8.775
3. MR ADRIAN GARRONE <GARRONE FAMILY A/C>	382,250	4.017
4. MR ALAN CHRISTOPHER WALKER	379,765	3.991
5. G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	302,500	3.179
6. PHILIP FRANCIS BRUCE	263,702	2.771
7. MR LOUIS CLINTON	205,000	2.154
8. MR GEFREY BERNARD UNGER <EA UNGER & CO A/C>	175,000	1.839
9. MR JEREMY SUTTON	152,500	1.603
10. MR CHARLES JOSEPH CILIA	130,000	1.366
11. DALETECH PTY LIMITED <THE SLOAN SUPER FUND A/C>	125,000	1.314
12. MR BRIAN PETER BYASS	125,000	1.314
13. MINORU PTY LTD	108,000	1.135
14. DALETECH PTY LTD <THE PITT STREET A/C>	105,000	1.103
15. MR EDUARDO SIAO	100,000	1.051
16. MR ALFRED LAMPARD PATON	100,000	1.051
17. MR STEPHEN JOHN KERSHAW	100,000	1.051
18. UNLIMITED PTY LIMITED	100,000	1.051
19. PHILLIP SECURITIES NOMINEES LTD	92,500	0.972
20. MRS ZHI XIN YU	90,000	0.946
Total	4,746,217	49.88

HILL END GOLD LIMITED
OPTIONHOLDER INFORMATION

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

Hill End Gold Limited
Suite 1310, 3 Spring Street
Sydney NSW 2000

Telephone: +61 2 8249 4416
Facsimile: + 61 2 8249 4919

Registered and Technical Office

C/- GR&A Pty Ltd
41 Cavendish Street
P O Box 92
Earlville QLD 4870
Telephone: +61 7 4033 1805
Facsimile: +61 7 4033 6415
www.hillendgold.com.au

Field Office

Bowen Street
Hill End NSW 2850

Telephone: +61 2 6337 8343
Facsimile: + 61 2 6337 8345

Share Registry

Registries Limited
Level 2, 28 Margaret Street
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

Telephone: +61 7 4052 3222
Facsimile: +61 7 4051 8827

Legal Adviser

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