HILL END GOLD LIMITED
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2012

HILL END GOLD LIMITED
DIRECTORS' REPORT

The Directors present their report together with the financial statements of Hill End Gold Limited for the six months ended 31 December 2012.

Directors

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

Denis Edmund Clarke (Chairman)
Philip Francis Bruce (Managing Director)
Graham Charles Reveleigh
Bruce Geoffrey Thomas
Ian Cunynghame Daymond
Quah Su-Yin

Principal Activities

The principal activities of the Company during the financial period were the exploration for minerals and development of the Hill End and Hargraves Project Areas in New South Wales.

Review of Operations

During the six months to December 2012 the Company continued exploration drilling and other activities on its tenements in the Hill End, Hargraves and Barham areas and new tenements at Willandra and Eurongilly in New South Wales.

At Hargraves, diamond drilling programs have extended the Big Nugget Hill Deposit by 400 metres to the north along strike. The current resource estimate for the Big Nugget Hill Deposit is Indicated Resources of 1.262 Mt at 3.5 g/t Au containing 143,000 ounces and a total resource of 2.206 Mt at 3.1 g/t Au containing 221,000 ounces.

Detailed structural logging of the North Big Nugget Hill diamond core and earlier drill core has led to a better interpretation of the very high grade zones within the Big Nugget Hill Deposit. These high grade zones are more continuous than assumed in the current resource estimate and re-modelling of the Big Nugget Hill Deposit is underway. This is expected to lead to a more robust resource estimate and enhanced understanding of the distribution of the gold mineralisation for mine planning.

Three kilometres north of the Big Nugget Hill Deposit, recent regional exploration has focused on the Homeward Bound Prospect, which is on the new Meroo Trend, a six kilometre long mineralised zone that is parallel to the Big Nugget Hill structure and links several prospects defined by historic mine workings.

Geological mapping of the Homeward Bound Prospect, rock chip sampling and a multi-element XRF soil geochemical survey have defined an extensive zone of mineralisation in an 80-120m wide, north-north-westerly trending zone with a strike length of 750m. This prospect is the next priority target for resource increase in the Hargraves area and approval is pending for an initial diamond drilling program.

At Hill End, pre-development studies continued to investigate the potential extensions of the current Reward Deposit resources along strike and at depth, particularly to the south.

The new Mares Nest Prospect is located approximately four kilometres to the south of the Reward Deposit and has gold mineralisation within a zone that is four kilometres long and up to 150m wide. An initial surface geological mapping and a geochemical sampling survey of the Mares Nest Prospect is in progress. The survey obtained rock chip samples and used a handheld XRF analyser to delineate mineralisation across the northern 1.7km portion of the prospect and preliminary drill targets have now been identified.

Significant Changes in the State of Affairs

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

Rounding of Amounts to nearest Thousand Dollars.

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

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

The auditor's independence declaration is set out on page 3 for the half-year ended 31 December 2012.

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

DENIS CLARKE	**PHILIP BRUCE**
Chairman	**Managing Director**

Sydney
26 February 2013

Crowe Horwath

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A WHK Group Firm

Board of Directors
Hill End Gold Limited
Suite 3, Level 10,
3 Spring Street
Sydney NSW 2000

26 February 2013

Dear Board Members

Hill End Gold Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Hill End Gold Limited.

As lead audit partner for the review of the half-year financial statements of Hill End Gold Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

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ASH PATHER
Partner

HILL END GOLD LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	Half year Ended 31 Dec 12 $'000	Half year Ended 31 Dec 11 $'000
Revenue		**197**	**164**
Interest		**48**	**55**
Changes in work in progress		**(1)**	**1**
Raw materials and consumables used		**-**	**4**
Employee benefits expense		**(281)**	**(300)**
Depreciation and amortisation expense		**(129)**	**(127)**
Finance costs		**(1)**	**(1)**
Other expenses		**(789)**	**(1,318)**
Loss before income tax		**(956)**	**(1,522)**
Income tax expense		**-**	**-**
Loss from continuing operations after income tax		**(956)**	**(1,522)**
Loss for the period	2	**(956)**	**(1,522)**
Other comprehensive income			
Other comprehensive income for the period net of tax		**-**	**-**
Total comprehensive loss for the period attributable to members		**(956)**	**(1,522)**
Earnings per share from continuing operations:		**Cents**	Cents
Basic earnings per share		**(0.1)**	(0.3)
Diluted earnings per share		**(0.1)**	(0.3)

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	31 Dec 2012 $'000	30 June 2012 $'000
Current Assets		
Cash and cash equivalents	**2,012**	3,893
Trade and other receivables	**202**	85
Inventory	**20**	23
Total Current Assets	**2,234**	4,001
Non-Current Assets		
Other assets	**505**	485
Mining property	**12,000**	12,000
Deferred Exploration & Development	**12,279**	11,299
Property Plant & Equipment	**1,526**	1,648
Total Non-Current Assets	**26,310**	25,432
Total Assets	**28,544**	29,433
Current Liabilities		
Trade and other payables	**699**	747
Provisions	**134**	138
Total Current Liabilities	**833**	885
Non-Current Liabilities		
Provisions	**55**	51
Other	**245**	221
Total Non-Current Liabilities	**300**	272
Total Liabilities	**1,133**	1,157
Net Assets	**27,411**	28,276
Equity		
Issued capital	**71,598**	71,420
Reserves	**91**	178
Accumulated losses	**(44,278)**	(43,322)
Total Equity	**27,411**	28,276

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Share Capital Ordinary $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2011	66,826	178	(40,441)	26,563
Profit (loss) attributable to equity shareholders	-	-	(1,522)	(1,522)
Total other comprehensive income	-	-	-	-
Shares issued during the half year	(13)	-	-	(13)
Balance at 31 December 2011	**66,813**	**178**	**(41,963)**	**25,028**
Balance at 1 July 2012	71,420	178	(43,322)	28,276
Profit (loss) attributable to equity shareholders	-	-	(956)	(956)
Total other comprehensive income	-	-	-	-
Options issued during the half year	-	91	-	91
Transfer from Reserves to Share Capital	178	(178)	-	-
Balance at 31 December 2012	**71,598**	**91**	**(44,278)**	**27,411**

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Half Year Ended 31 Dec 2012 $'000	Half Year Ended 31 Dec 2011 $'000
Cash Flows From Operating Activities		
Receipts from customers	**56**	164
Interest received	**48**	55
Payments to suppliers and employees	**(859)**	(1,412)
Net cash outflows from operating activities	**(755)**	(1,193)
Cash Flows From Investing Activities		
Payment for exploration expenditure	**(1,020)**	(737)
Payment for mining properties	**(66)**	(115)
Purchases of property plant & equipment	**(20)**	(12)
Security deposits	**(20)**	25
Net cash outflows from investing activities	**(1,126)**	(839)
Cash Flows From Financing Activities		
Cost of issue of shares	**-**	(13)
Net cash inflows from financing activities	**-**	(13)
Net Increase/(Decrease) in cash held	**(1,881)**	(2,045)
Cash at the beginning of the financial year	**3,893**	3,024
Cash at the End of the Financial Year	**2,012**	979

The accompanying notes form part of these financial statements.

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Hill End Gold Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2012, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Adoption of New and Revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its half yearly financial statements.

Estimates

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

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial report as at and for the year ended 30 June 2012.

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

Going Concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has reported cash and cash equivalent assets of $2,012,250 at 31 December 2012. The directors acknowledge that continued exploration and development of the Company's mineral exploration properties will necessitate further capital raisings and/or formation of joint ventures over these mineral exploration properties.

The Company remains dependent on its ability to raise capital. During the past 5 years the Company has successfully completed multiple capital raisings and the directors are confident of being able to raise further capital to fund continued operations.

In consideration of the above, the directors have determined that it is foreseeable that the Company will continue to operate as a going concern and that it is appropriate that the financial statements be prepared on this basis.

In the event that the Company is unable to achieve the actions noted above, the Company may not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

	31 Dec 2012 $'000	31 Dec 2011 $'000

2. PROFIT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period

	31 Dec 2012 $'000	31 Dec 2011 $'000
Impairment of mining properties	**(89)**	(155)
Exploration expenditure written off	**(40)**	(41)

3. SEGMENT INFORMATION

Business Segments

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

4. CAPITAL AND RESERVES

Ordinary Shares	31 Dec 2012 Number	31 Dec 2011 Number
Balance at 1 July	**685,526,036**	485,526,036
Shares issued	**-**	-
Balance at 31 December	**685,526,036**	485,526,036

Share Capital

The Company recorded the following amounts within shareholder equity

	31 Dec 2012 $'000	31 Dec 2011 $'000
Ordinary Shares		
Issuance of ordinary shares	**-**	(13)
Transfer from Reserves to Share Capital [1]	**178**	-
Reserves		
Transfer from Reserves to Share Capital [1]	**(178)**	-
Issuance of employee options [2]	**91**	-

1 5,750,000 employee options expired unexercised 12 November 2012
2 35,000,000 employee options issued 29 November 2012, exercisable at 5 cents each and expiring 29 November 2017

5. CONTINGENT LIABILITIES

Proceedings were commenced by the Company in 2005 in the Supreme Court of NSW seeking to clarify the ownership interests of the Company and First Tiffany Resource Corp (Tiffany) in relation to some mining tenements which the Company holds at Hill End, NSW. The Company had asserted that Tiffany had no interest since it had failed to contribute 15% of costs for development of the Reward Project after receiving a feasibility study from the Company for the project in 2003. Tiffany had continued to claim it had a 15% “free carried” interest in those tenements.

The matter was heard by the Court and the Court confirmed the Company’s minimum 85% ownership of the Hill End tenements encompassed by the area of the original EL 2037, which covered the area from the Turon River in the south to Red Hill in the north.

On appeal to the NSW Court of Appeal by the Company seeking further clarification, the Court of Appeal held that the type of feasibility study required to be provided by the Company to enable Tiffany to participate in the development of the properties was an ’economic feasibility study’ conforming to the requirements for such a study as understood in Canada in 1983, and a failure to contribute by Tiffany on receipt of this study would have the consequence of the loss or forfeiture of its interest.

The result is that the Company has a 100% beneficial interest in its Hill End tenements, while a portion of the ground now encompassed by EL 5868 is subject to a reduction to 85% if an ‘economic feasibility study’ is completed by the Company, and Tiffany, if it establishes that it continues to hold a right against the Company to do so, contributes at the 15% level.

The Court of Appeal dismissed the appeal with costs. Two costs orders had been made in favour of the Company in the lower Court proceedings on interlocutory applications and these amounts will be offset against the appeal costs when assessed. Application for assessment of its costs has been made by Tiffany and objections to these costs have been submitted by the Company. Application for assessment of its costs has been submitted by the Company.

Further notice of claim by First Tiffany has been received.

There are no other contingent liabilities disclosures required.

6. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events after the reporting date until the date of this report.

HILL END GOLD LIMITED

DIRECTORS DECLARATION

The Directors of Hill End Gold Limited declare that:

1. The financial statements and notes as set out on pages 4 to 11 are in accordance with the *Corporations Act 2001* including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

   (b) give a true and fair view of the entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

DENIS CLARKE	**PHILIP BRUCE**
Chairman	**Managing Director**

Sydney
26 February 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HILL END GOLD LIMITED

Report on the Condensed Half-Year Financial Statements

We have reviewed the accompanying half-year financial report of Hill End Gold Limited (the company) which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Statements

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hill End Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Reviewed Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2012 included on the website of Hill End Gold Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

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

Crowe Horwath

Basis for Qualified Auditors Conclusion

The mining property has a carrying value of $12,000,000 as at 31 December 2012. We were unable to obtain sufficient appropriate audit evidence regarding the recoverable value of this property.

Conclusion

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

- giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter Regarding Going Concern

Without further qualification to our conclusion, we draw attention to Note 1 which indicates that additional funding from capital raisings and or formation of joint ventures may be required over mineral exploration properties to ensure that the company can continue its activities and continue to operate as a going concern. There is uncertainty as to whether these circumstances will arise however the directors have determined that the company will be able to pay its debts as and when they fall due and payable, and have accordingly prepared the financial report on a going concern basis.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

ASH PATHER
Partner

Dated this 26th day of February 2013

HILL END GOLD LIMITED
CORPORATE DIRECTORY

Directors

Denis Edmund Clarke
Non Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Non Executive Director

Bruce Geoffrey Thomas
Non Executive Director

Ian Cunynghame Daymond
Non Executive Director

Quah Su-Yin
Non Executive Director

Company Secretary
Kevin Martin Lynn

Australian Company Number
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