



HILL END GOLD LIMITED

ACN 072 692 365

Andrew Weaver
Adviser, Listings and Compliance (Sydney)
ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 1215

2 May 2014

By email: Andrew.Weaver@asx.com.au

Dear Andrew,

Hill End Gold Limited (the "Company"): Quarterly Report Query

We refer to your letter dated 30 April 2014 and respond as follows:

- It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?***

It may be possible to reach such a conclusion, but only if our ongoing cost reduction measures and capital raisings by the Company are not taken into account.

In both the December quarter 2013 and continuing into the March quarter 2014, the Company continued to reduce administration and exploration costs. This should reduce net operating cash flows for the next several quarters, which are, therefore, expected to decrease.

We also note that:

- the Company has refreshed its securities placement capacity under Listing Rule 7.1 and 7.1A at the Company's AGM held on 28 November 2013, and has to date not used any of that capacity. We are in discussions with institutional and sophisticated investors and have every expectation that sufficient further funds will be raised via a placement to fund operations; and
- the Company has over ~\$1 million in liquid tradable investments in Bassari Resources Limited (ASX:BSR) that can be sold should it be considered necessary to do so.

- 2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds to continue its operations at that rate?**

Consistent with other mineral explorers, the Company expects that it will continue to have negative net operating cash flows in future quarters. Please refer to the response to question 1 for details regarding the steps the Company has taken to ensure that it has sufficient funds in order to continue its operations.

- 3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?**

Refer to the responses to questions 1 and 2 above. The Company continues to review its expenditure commitments and cash requirements. The Company continues to maintain its exploration assets and its \$1.05 million investment in Bassari Resources Limited (ASX:BSR).

- 4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

- 5. Please comment on the Company's compliance with Listing Rule 12.2, with reference to matters discussed in the note to the rule.**

"LR 12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing."

The Company confirms that it complies with Listing Rule 12.2, and:

- a. is confident of raising further capital to continue with its strategy outlined above;
- b. has a total direct and indirect 14.2% investment in Bassari Resources Limited, which is an ASX-listed company with advanced projects in Senegal that is currently valued in the Company's books at \$1.05 million, which is below market value; and
- c. has two major gold projects, namely the Hargraves Project and the Hill End Project, which have JORC 2004 compliant resources, and have a combined carrying value of \$18m. These assets and their associated facilities, such as a 30,000 tonnes per year processing plant and real estate, could be sold if necessary to provide future funds.

Yours faithfully

Philip Bruce
Managing Director



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30 April 2014

Mr Phillip Bruce
Managing Director
Hill End Gold Limited
4 Bowen Street
Hill End NSW 2850

By Email

Dear Phillip

Hill End Gold Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2014, released to ASX Limited ("ASX") on 30 April 2014 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0.
2. Net negative operating cash flows for the quarter of \$482,000.
3. Cash at end of quarter of \$36,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

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5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 p.m. A.E.S.T. on Friday, 2 May 2014.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'A Weaver', written over a light blue rectangular background.

Andy Weaver
Adviser, Listings Compliance (Sydney)

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