

GOLD HILLS MINING, LTD.  
Form 10-Q  
May 15, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 10-Q**

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended: March 31, 2013

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-50423**

**GOLD HILLS MINING, LTD.**

(Exact Name of Registrant as Specified in its Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**88-0471870**  
(IRS Employer Identification  
Number)

**100 Wall Street, 10<sup>th</sup> Floor**

**New York, New York 10005**

(Address of principal executive offices)

**(516) 620-9065**

(Registrant's telephone number, including area code)

N/A

(Former Name, Former Address and Former Fiscal Year,

If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: The Issuer had 34,206,313 shares of Common Stock, par value \$0.00001, outstanding as of May 15, 2013.

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**GOLD HILLS MINING, LTD.**

**FORM 10-Q**

**March 31, 2013**

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**ITEM 1. FINANCIAL STATEMENTS**

Gold Hills Mining, Ltd.  
(An Exploration Stage Company)

March 31, 2013

FINANCIAL STATEMENTS

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**GOLD HILLS MINING, LTD.**  
**(An Exploration Stage Company)**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	March 31, 2013	June 30, 2012
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 241,035	\$ 287,052
Employee advances	65,720	48,571
Prepaid expenses	24,720	3,542
Total Current Assets	331,475	339,165
Property and equipment, net of accumulated depreciation of \$8,735 and \$1,091, respectively	26,837	27,684
Mining rights	1,164,248	898,577
<b>TOTAL ASSETS</b>	<b>\$ 1,522,560</b>	<b>\$ 1,265,426</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 451,818	\$ 606,516
Notes payable	-	1,822,900
Derivative liability	-	301,249
Total Current Liabilities	451,818	2,730,665
<b>TOTAL LIABILITIES</b>	<b>451,818</b>	<b>2,730,665</b>
Stockholders' Equity (Deficit)		
Preferred Stock, \$0.00001 par value, 100,000,000 shares  authorized, none issued and outstanding	   -	   -
Common Stock, \$0.00001 par value, 100,000,000 shares  authorized, 34,206,313 and 166,234 issue and outstanding,  respectively	      342	      2
Additional paid-in capital	15,078,368	10,657,923

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Deficit accumulated during the exploration stage	(14,050,371)	(12,144,694)
Accumulated other comprehensive income	42,403	21,530
Total Stockholders' Equity (Deficit)	1,070,742	(1,465,239)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 1,522,560	\$ 1,265,426

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**GOLD HILLS MINING, LTD.**  
**(An Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF EXPENSES AND COMPREHENSIVE LOSS**

(Unaudited)

	Three Months Ended		Nine Months Ended		July 27, 2000
	March 31,		March 31,		(Inception)
	2013	2012	2013	2012	Through
					March 31,
					2013
Operating expenses:					
Consulting fees	\$ 6,000	\$ 28,380	\$ 72,395	\$ 108,484	\$ 3,302,213
Officer and director compensation	43,321	380,164	451,862	4,010,049	6,794,011
Investment banking services	75,000	105,000	225,000	225,000	783,560
Other general and administrative	193,952	38,741	991,051	467,394	1,514,517
Legal and accounting	68,295	181,881	159,665	642,279	1,379,332
Marketing	-	-	70,000	5,068	161,148
Mining exploration	-	-	-	-	30,788
Travel	28,644	-	28,644	234,640	450,578
Total operating expenses	415,212	734,166	1,998,617	5,692,914	14,416,147
Other income (expenses)					
Interest expense	(126,366)	(16,698)	(248,854)	(45,093)	(339,540)
Other income	9	(7)	469	637	1,327
Interest income	-	-	12	267	382
Gain (loss) on derivatives	2,249	(95,306)	301,249	494,048	625,829
Gain (loss) on extinguishment of debt	40,064	-	40,064	-	40,064
Debt forgiveness	-	-	-	-	37,714
Total other income (expense)	(84,044)	(112,011)	92,940	449,859	365,776
NET LOSS	\$ (499,256)	\$ (846,177)	\$ (1,905,677)	\$ (5,243,055)	\$ (14,050,371)
Other comprehensive income:					
Gain on foreign currency translation	13,070	5,501	20,873	151,104	42,403



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Comprehensive loss	\$ (486,186)	\$ (840,676)	\$ (1,884,804)	\$ (5,091,951)	\$ (14,007,968)
Net loss per share – basic and diluted	\$ (0.04)	\$ (5.09)	\$ (0.41)	\$ (32.01)	
Weighted average shares outstanding - basic and diluted	13,754,441	166,234	4,639,290	163,793	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**GOLD HILLS MINING, LTD.**  
**(An Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	Nine Months Ended		July 27, 2000
	March 31,		(Inception)
	2013	2012	Through
			March 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (1,905,677)	\$ (5,243,055)	\$ (14,050,371)
Adjustments to reconcile net loss to cash used in operating activities:			
Debt forgiveness	-	-	(37,714)
Gain on derivative liabilities	(301,249)	(494,048)	(625,829)
Amortization of deferred finance costs	135,000	-	135,000
Gain on extinguishment of debt	(40,064)	-	(40,064)
Depreciation expense	7,594	-	7,594
Options expense	409,192	2,989,349	5,296,096
Expense true-up on options granted for accrued liabilities	(2,185)	-	(2,185)
Imputed interest on related party payable	-	-	1,290
Stock issued for services	-	700,000	3,275,000
Changes in operating assets and liabilities:			
Employee advances	(17,149)	-	(65,720)
Prepaid expenses	(21,178)	(14,167)	(24,720)
Accounts payable accrued liabilities	271,244	523,502	1,105,595
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,464,472)</b>	<b>(1,538,419)</b>	<b>(5,026,028)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for acquisition of property and equipment	(2,977)	(3,105)	(30,661)
Cash paid for acquisition of Gold Hills mining rights	-	(618,095)	(350,000)
Cash paid for acquisition of Carajas/Misty Hills mining rights	(250,000)	-	(925,492)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(252,977)</b>	<b>(621,200)</b>	<b>(1,306,153)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			

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Proceeds from sales of common stock, net of issuance costs	-	901,503	3,120,560
Advances from related party	-	8,264	16,129
Proceeds from convertible notes payable	375,000	-	1,125,000
Proceeds from related party notes payable	250,000		250,000
Proceeds from related party convertible notes payable	100,000		100,000
Proceeds from notes payable	945,000	216,650	1,811,650
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,670,000</b>	<b>1,126,417</b>	<b>6,423,339</b>
<b>EFFECTS OF FOREIGN EXCHANGE ON CASH</b>	<b>1,432</b>	<b>151,104</b>	<b>149,877</b>
<b>NET CHANGE IN CASH</b>	<b>(46,017)</b>	<b>(882,098)</b>	<b>241,035</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>287,052</b>	<b>885,978</b>	<b>-</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 241,035</b>	<b>\$ 3,880</b>	<b>\$ 241,035</b>
<b>Supplemental Disclosures:</b>			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	-	-	-
<b>Noncash Investing and Financing Activities:</b>			
Derivative liabilities	\$ -	\$ 625,829	\$ 625,829
Common stock issued for debt, payables and accrued interest	3,237,998	-	3,444,248
Common stock issued for related party debt, payables and accrued interest	660,545	206,250	660,545
Deferred financing costs accrued	135,000	-	135,000
Options issued for accrued liabilities	155,299	-	155,299

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**GOLD HILLS MINING, LTD.**

**(An Exploration Stage Company)**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying unaudited interim financial statements of Gold Hills Mining, Ltd. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s Annual Report filed with the SEC on Form 10–K for the fiscal year ended June 30, 2012, as amended. In the opinion of management, all adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which substantially duplicate the disclosure contained in the audited financial statements for the fiscal year ended June 30, 2012 as reported in the Annual Report on Form 10-K, as amended, have been omitted.

**NOTE 2 - GOING CONCERN**

The Company has incurred net losses since inception and has a working capital deficit at March 31, 2013. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and/or attain profitable mining operations. Management has plans to seek additional capital through a private placement of its common stock. There is no guarantee that the Company will be able to complete any of the above objectives. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern.

**NOTE 3 – ACQUISITION OF MINING RIGHTS**

*Gold Hills Rights*

On May 4, 2011, the Company acquired Gold Hills Mining Ltda. which owns certain mining rights in Brazil referred to as the Gold Hills Rights (Gold Hills Mining Ltda. subsequently acquired other rights, as described below). The aggregate purchase price paid for Gold Hills Mining Ltda. and the Gold Hills Rights was \$350,000 which was

recorded as capitalized mining rights in the balance sheet as of March 31, 2013.

Under the terms of the acquisition, additional amounts will be paid pursuant to the results of reserves testing performed on the mining properties. Exploratory drilling is currently occurring at Gold Hills. The Company's reserves testing includes an economic assessment (a feasibility study). Considering the progress of the exploration campaign and the physical characteristics of the Gold Hills deposit, our expectation is to complete this reserves test between the end of 2014 and early 2015.

Should the reserves testing confirm the existence of gold, silver and byproduct reserves of less than 300,000 equivalent gold ounces, the Company will not be required to make an additional payment. Should the reserves testing confirm the existence of gold, silver and byproduct reserves between 300,000 and 499,999 equivalent gold ounces; the Company will be required to pay an additional \$400,000 payable within 30 days after completion of a pre-feasibility study. Should the reserves testing confirm the existence of gold, silver and byproduct reserves in excess of 499,999 equivalent gold ounces; the Company will be required to pay an additional \$1,000,000, payable within 30 days after completion of a pre-feasibility study, and \$2.00 per additional ounce in excess of 500,000 equivalent gold ounces.

Following the completion of the reserves testing, the Company anticipates that a final exploration report will be submitted to the Brazilian Mining Authority (DNPM) expected to be between late 2014 and early 2015. The approval of this report by the DNPM will trigger the obligation to make the payments described above. The Company anticipates that this payment deadline will be in the second or third quarter of 2014.

In addition to the amounts to be paid based upon the reserves testing, the Company will also be required to pay an additional \$700,000 within 30 days from the date that the Company obtains an environmental installation license.

Once the Company begins extracting gold, silver or byproduct from the properties, the Company will be required to pay a monthly royalty equal to 2% of the net income from the sale of the mineral product. The Company will also be required to invest at least \$3,500,000 in Gold Hills Mining Ltda. upon the commencement of an extensive exploration program.

#### *Carajas Mineral Province or "Misty Hills" Rights*

On October 18, 2011, Gold Hills Mining Ltda., the Company's wholly owned subsidiary, closed on its acquisition of the mineral rights in 9,000 acres located in the Carajas Mineral Province of Brazil with an option exercise payment of \$350,000 made to the Cooperativa dos Produtores de Minerios de Curionópolis ("COOPEMIC"). These rights are referred to as the Serra do Sereno, or "Misty Hills" Rights. During the year ended June 30, 2012, aggregate payments (including the option exercise payment, purchase price and commissions) of \$675,492 were made towards this acquisition. An additional payment of \$250,000 was made toward this acquisition on November 8, 2012. The aggregate payments are classified on the balance sheet as mining rights as of March 31, 2013.

In addition to the option exercise payment made to COOPEMIC, the Company has undertaken certain exploration commitments to COOPEMIC. The Company has also agreed to make subsequent payments to COOPEMIC on the basis of the exploration report and the extent of the extraction of gold, silver, copper and their respective by-products. If the Company determines it is advisable to continue exploration, the Company shall pay to COOPEMIC \$250,000 after six months of exploration and an additional \$150,000 after twelve months of exploration. The \$250,000 payment was made on November 8, 2012 and the \$150,000 payment is due on April 8, 2013. The \$150,000 payment was made on May 8, 2013. If the Company's exploration activities confirm the existence of gold, silver or copper and their respective by-products in excess of 400,000 gold equivalent ounces, the Company shall pay to COOPEMIC 30% of \$24.00 per gold equivalent ounce (\$7.20 per gold equivalent ounce) contained in the mineral reserves in three tranches: (i) one-third shall be paid when the Brazilian National Department of Mineral Production shall approve the final mineral exploration report; (ii) one-third shall be paid upon commencement of the extraction of gold, silver, copper and their respective by-products, contained in the areas covered by the mining rights; and (iii) one-third shall be paid within six months from the date of commencement of the extraction of gold, silver and copper and their respective by-products, contained in the areas covered by the mining rights.

#### **NOTE 4 – NOTES PAYABLE**

On March 1, 2012, the Company issued an Amended and Restated Senior Secured Note to CRG Finance AG in the amount of \$1,142,900. The Amended and Restated Note consolidates (i) an outstanding convertible note payable to CRG Finance with a principal amount of \$750,000 and accrued interest payable to CRG Finance AG of \$56,250; (ii)

additional advances and loans to the Company of \$186,650; and (iii) all advisory fees due and payable to CRG Finance of \$150,000. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures upon 30 days of demand. As of March 31, 2013, the outstanding principal balance of this note was \$0.

On March 1, 2012, the Company and CRG Finance AG entered into a commitment letter (the "Commitment Letter") pursuant to which CRG Finance AG agreed to provide the Company with up to \$1,000,000 to maintain the Company's ordinary course of business operations. The Commitment Letter was intended to facilitate funding for the Company as a supplement to the prior commitment of CRG Finance AG in the amount of One Million U.S. Dollars (USD \$1,000,000) that was contained in the Corporate Development Services Agreement between CRG Finance AG and the Company, dated September 27, 2010, of which \$1,000,000 has been drawn by the Company as of the date of this Report.

Between March and December of 2012, the Company borrowed an aggregate of \$1,000,000 from CRG Finance AG which is the maximum allowed under the Commitment Letter. The loan is secured by the assets of the Company, bears interest at 7.5% per annum and matures 30 days after demand following the first anniversary of the date of the loans.

On June 18, 2012, the Company borrowed \$300,000 from Volodymyr Khopta. The loan is unsecured, bears interest at 7.5% per annum and shall be due upon thirty (30) days notice and demand following the first anniversary of the date of such note.

On November 13, 2012, the Company borrowed an additional \$55,000 from Volodymyr Khopta under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note. This loan was subsequently modified whereby a conversion option was added to the loan. The loan is convertible into common stock of the Company at \$0.10 per share. The Company evaluated the modification and determined that it does not qualify as an extinguishment of debt because the conversion option is not substantive. There was no gain or loss on the modification.

On November 14, 2012, the Company borrowed an additional \$250,000 from Tumlin Trade, Inc. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note.

On November 19, 2012, the Company borrowed \$75,000 from Galyna Vynnyk. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note.

On February 11, 2013, the Company borrowed \$20,000 from Montero Business Corp. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

On March 18, 2013, the Company borrowed \$300,000 from Darby Investment Services, Inc. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

The Company evaluated all of its convertible notes for beneficial conversion features and determined that none existed.

In connection with the loans from Tumlin Trade, Inc., Volodymyr Khopta, Galyna Vynnyk, Darby Investment Services, Inc. and Montero Business Corp., the Company incurred commissions totaling \$135,000. These commissions were recorded as deferred financing costs and are being amortized over the life of the loans using the effective interest rate method. As of March 31, 2013, the commissions were unpaid and accrued. The commissions were fully amortized to interest expense during the nine months ended March 31, 2013.



Between February 21, 2013 and March 18, 2013, the Company entered into liability conversion agreements with multiple parties, pursuant to which aggregate principal of \$2,892,900, interest of \$131,455 and accrued liabilities of \$213,643 were converted into an aggregate of 32,379,980 common shares. The conversion resulted in a gain on the extinguishment of liabilities of \$40,064.

#### **NOTE 5 – RELATED PARTY TRANSACTIONS**

On April 3, 2012, the Company borrowed \$250,000 from Tumlins Trade, Inc. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note.

On December 21, 2012, the Company entered into an agreement with Tumlins Trade, Inc. pursuant to which the outstanding principal owed to Tumlins of \$500,000 and the accrued interest on these notes of \$15,154 was extinguished through the issuance of an aggregate of 206,065 common shares. The issuance of these common shares resulted in a change in control with Tumlins Trade, Inc. owning more than 50% of the issued and outstanding common stock of the Company. As a result of this change in control, Tumlins Trade, Inc. became a related party.

On January 29, 2013, the Company borrowed an additional \$100,000 from Tumlins Trade, Inc. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following

the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

On February 21, 2013 and March 7, 2013, the Company entered into liability conversion agreements with related parties, pursuant to which aggregate principal of \$100,000 and interest of \$391 owed to Tumlin Trade, Inc. and accrued liabilities of \$45,000 owed to Luciano de Freitas Borges, an officer and director of the Company, were converted into an aggregate of 1,453,910 common shares.

On March 7, 2013, the Company granted 250,000 common stock options to Gabriel Margent, an officer and director of the Company, to extinguish an aggregate of \$25,000 in accrued liabilities (see Note 7). The fair value of the options was determined to be \$24,648 resulting in a reduction to Directors fees expense of \$352.

As of March 31, 2013 the Company had outstanding advances to employees totaling \$65,720. The advances bear no interest, are due on demand and are to be used for future business expenses.

#### **NOTE 6 – DERIVATIVE LIABILITIES**

As of March 31, 2013, the Company has an aggregate of 2,779 outstanding warrants containing exercise price reset provisions which requires derivative treatment under FASB ASC 815-15. The warrants were originally issued on September 7, 2011.

The fair value of these liabilities as of September 7, 2011, June 30, 2012 and March 31, 2013 totaled \$625,829, \$301,249 and \$4,178, respectively and was calculated using a lattice model. The net change in the fair value of these derivative liabilities during the nine months ended March 31, 2013 resulted in a gain on the change in the fair value of derivatives of \$297,071. The reset provision expired during the nine months ended March 31, 2013. Accordingly, the warrants no longer qualified for derivative treatment and the derivative liability of \$4,178 was written off at that time. The aggregate gain on derivative liabilities during the nine months ended March 31, 2013 was \$301,249.

#### *Fair Value Measurement*

The Company values its derivative instruments under FASB ASC 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Gold Hills utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value. The Company used Level 3 to value its derivative instruments prior to their resolution during March 2013. As of March 31, 2013, there were no derivative instruments outstanding.

## **NOTE 7 – STOCKHOLDERS’ EQUITY**

### *Common Stock*

On February 19, 2013, the Company effected a reverse stock split pursuant to which each one hundred (100) shares of the Company’s common stock issued and outstanding immediately prior to the record date were automatically converted into one share of the Company’s common stock. All share and per share amounts herein have been retroactively restated to reflect the reverse stock split. 124 rounding shares were issued during the nine months ended March 31, 2013 as a result of the reverse split.

During the nine months ended March 31, 2013, the Company issued an aggregate of 34,039,955 common shares for the extinguishment of related party debt principal of \$600,000, related party accrued interest of \$15,545, accrued Directors fees of \$45,000, debt principal of \$2,892,900, accrued interest of \$131,455 and accrued liabilities of \$213,643. The fair value of the shares was determined to be \$3,858,479 using a lattice model. The aggregate gain on the extinguishment of the third party liabilities during the nine months ended March 31, 2013 was \$40,064.

### *Common Stock Options*

On May 12, 2011, the Company granted its Board members an aggregate of 13,000 stock options exercisable at \$475 per share. The options vest 25% upon grant and an additional 25% vests each six months from the date of the grant. The fair value of the options was determined to be \$5,368,121 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.98%, (2) expected terms between 2.5 and 3.25 years (3) expected volatilities between 165.66% and 198.46% and (4) zero expected dividends. The fair value is being expensed over the vesting period of the options. During the nine months ended March 31, 2013, a total of \$148,696 was expensed under this grant. As of March 31, 2013, all options under this agreement have been expensed.

On February 24, 2012, the Company granted its Board members an aggregate of 13,000 stock options exercisable at \$13 per share. The options vest 25% upon grant and an additional 25% vests each six months from the date of the grant. The fair value of the options was determined to be \$218,045 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.43%, (2) expected terms between 2.5 and 3.25 years (3) expected volatilities of 187.95% and (4) zero expected dividends. The fair value is being expensed over

the vesting period of the options. During the nine months ended March 31, 2013, \$80,127 was expensed under this grant. A total of \$14,847 will be expensed over the remaining vesting period.

On July 1, 2012, the Company granted Alexey Kotov, its Chief Exploration Geologist and Exploration Vice President of Gold Hills Limited and Stan Bezusov, its Investor Relations Manager, an aggregate of 3,000 common stock options (1,500 each) exercisable at \$13 per share. The options vest 25% upon grant and an additional 25% vests each six months from the date of the grant. The fair value of the options was determined to be \$222,638 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.35%, (2) expected terms between 2.5 and 3.25 years (3) expected volatilities of 195.79% and (4) zero expected dividends. The fair value is being expensed over the vesting period of the options. During nine months ended March 31, 2013, \$180,369 was expensed under this grant. A total of \$42,269 will be expensed over the remaining vesting period.

On March 7, 2013, the Company granted Gabriel Margent, an officer and director of the Company, 250,000 common stock options to extinguish accrued director fees owed to Gabriel Margent of \$25,000. The options are exercisable at \$0.10 per share, vest upon grant and expire on March 7, 2023. The fair value of the options was determined to be \$24,648 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 1.90%, (2) expected term of 10 years (3) expected volatility of 249.12% and (4) zero expected dividends. The fair value was recorded against the accrued director fees resulting in a reduction to director fees expense of \$352.

On March 7, 2013, the Company granted Wuersch and Gering, LLP, the Company's legal firm, 1,302,995 common stock options to extinguish accrued legal fees owed to Wuersch and Gering, LLP of \$130,299. The options are exercisable at \$0.10 per share, vest upon grant and expire on March 7, 2023. The fair value of the options was determined to be \$128,466 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 1.90%, (2) expected term of 10 years (3) expected volatility of 249.12% and (4) zero expected dividends. The fair value was recorded against the accrued legal fees resulting in a reduction to legal fees expense of \$1,833.

A summary of option activity for the nine month period ended March 31, 2013 is reflected below:

	<b>Options</b>	<b>Weighted- Average Exercise Price</b>
Outstanding at June 30, 2012	18,500	\$ 150.35
Granted	1,555,995	0.12
Canceled	-	-
Forfeited	-	-
Outstanding at March 31, 2013	1,574,495	\$ 1.89
Exercisable at March 31, 2013	400,999	\$ 6.85

At March 31, 2013, the range of exercise prices and the weighted average remaining contractual life of the options outstanding were \$0.10 to \$475.00 and 9.86 years, respectively. The intrinsic value of the exercisable options outstanding at March 31, 2013 was \$3,012,810.

*Common Stock Warrants*

A summary of warrant activity for the three month period ended March 31, 2013 is reflected below:

	<b>Warrants</b>	<b>Weighted- Average Exercise Price</b>
Outstanding at June 30, 2012	2,879	\$ 413.96
Granted	-	-

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Canceled	-	-
Expired/Forfeited	(100)	385.00
Outstanding at March 31, 2013	2,779	\$ 415.00
Exercisable at March 31, 2013	2,779	\$ 415.00

At March 31, 2013, the exercise price and the weighted average remaining contractual life of the warrants outstanding were \$415.00 and 3.44 years, respectively. The intrinsic value of the warrants exercisable at March 31, 2013 was \$0.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this "Report"). This Report contains certain forward-looking statements and the Company's future operating results could differ materially from those discussed herein. Certain statements contained in this Report, including, without limitation, statements containing the words "believes", "anticipates," "expects" and the like, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). However, as the Company intends to issue "penny stock," as such term is defined in Rule 3a51-1 promulgated under the Exchange Act, the Company is ineligible to rely on these safe harbor provisions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to announce publicly the results of any revisions of the forward-looking statements contained or incorporated by reference herein to reflect future events or developments, except as required by the Exchange Act.

Unless otherwise provided in this Report, references to the "Company," the "Registrant," the "Issuer," "we," "us," and "our" refer to Gold Hills Mining, Ltd.

### **Corporate Information**

We were incorporated in the State of Nevada on July 27, 2000. We are presently engaged in the acquisition and exploration of mining properties. The Company's address is 100 Wall Street, 10<sup>th</sup> Floor, New York, NY 10005. The Company's telephone number is (516) 620-9065.

### **Background**

In August 2000, we acquired the right to prospect one mineral property containing eight mining claims located on Copperkettle Creek in British Columbia, Canada. We have allowed these claims to lapse. From August 26, 2006 to December 11, 2006, we did not conduct any operations. During that period, we intended to identify an acquisition or merger candidate with ongoing operations in any field. However in December 2006 we decided to acquire the right to explore a new property in British Columbia and returned to the business of mineral exploration. On April 30, 2009, the Company decided not to renew certain claims, and later determined not to pursue its remaining claim in Canada. The Company subsequently determined to pursue other mining opportunities.



## **The Company's Current Business Operations**

The Company's most significant achievement to date has been its acquisition of Gold Hills Mining Ltda., as described below.

### **Gold Hills Mining Ltda.**

In January of 2011, we entered into a term sheet to acquire Gold Hills Mining Ltda. ("Gold Hills"), a Brazilian corporation which possesses rights for mineral extraction on properties located in Northeastern Brazil. After the completion of due diligence, on May 4, 2011, we acquired Gold Hills pursuant to a Purchase Agreement (the "Purchase Agreement") by and between the Company, Gold Hills and the two shareholders of Gold Hills (such shareholders are referred to herein as the "Sellers"). Pursuant to the Purchase Agreement, the Sellers have sold us One Hundred Percent (100%) of all the issued and outstanding equity interests (the "Shares") of Gold Hills. The Company has agreed to explore the Gold Hills property, and, if certain gold reserves are established, to make investments and pay additional sums to the Sellers, as set forth in the Purchase Agreement.

On July 2, 2012, the Company announced the commencement of geological exploration work at the Gold Hills project. Para Geoexperts Ltda., a Brazilian geological services company, was hired to implement a full review and detailing of the geological mapping and exploration target investigation in the Gold Hills Project, with the goal of preparing a drilling campaign. Seven priority exploration targets have been defined. The Company has also invested in building the necessary infrastructure for the exploration in order to meet both its operational needs and the security standards established by Brazilian law. The exploration work has included extensive sampling, topography surveying, and detailed geological mapping of the surface and of old mine galleries at the property. To perform these activities, during the last two calendar quarters of 2012, the Company has utilized the services of 35 professionals, most of which were outsourced (from service companies) or hired on a temporary basis, including three geologists, exploration technicians and field assistants.

On August 16, 2012, the Company announced that it has contracted Drilrent Ltd., a Brazilian-based company, to commence an exploratory drilling campaign at Gold Hills. The drilling program is anticipated to cost approximately \$700,000. Based on the maps and parameters established by the technical work produced by the geological detailing works, since July of 2012, a 3,000 meter drilling campaign has started, aiming to define the mineralization in the sub-surface. The campaign's first phase was concluded in December 2012, with 1,604 meters drilled through 11 drill holes, and shall continue after the analysis of the drill cores (chemical and geological parameters) and the checking of the parameters for the implementation of the second phase. The drill cores have been sampled and the samples sent for the analysis to international accredited laboratory (ACME Labs), and the results are being currently processed and analyzed in order to plan the next exploration steps, in particular the second phase campaign.

#### **Acquisition of Mineral Rights in Brazil's Carajás Mining District in the State of Para, Brazil**

The Company announced on October 24, 2011 that Gold Hills Mining Ltda., its wholly owned Brazilian subsidiary, has, effective October 18, 2011, closed on its acquisition of the mineral rights in a highly mineralized area of 9,000 Hectares located in the Carajás Mineral Province, State of Para, with an option exercise payment of \$350,000 plus additional payments totaling \$107,756 made to the Cooperativa dos Produtores de Minerios de Curionópolis ("COOPEMIC"). The Company refers to this property as Serra do Sereno, or Misty Hills.

The Serra dos Carajás Mineral Province is a distinct geologic dominium, well known worldwide for hosting Brazil's largest iron, copper and gold deposits. The Company plans to begin the initial exploration campaign at Misty Hills as soon as financing for the project can be obtained. The Company has agreed, under the Option Agreement, to expend a minimum of \$5,000,000 in the exploration of the applicable mining rights area. The Company expects that the initial campaign will cost between \$5,000,000 and \$10,000,000.

In addition to the option exercise payment made to COOPEMIC, the Company has undertaken certain exploration commitments to COOPEMIC. The Company has also agreed to make subsequent payments to COOPEMIC on the basis of the exploration report and the extent of the extraction of gold, silver, copper and their respective by-products.

On August 23, 2012, the Company announced that the Brazilian National Department of Minerals Production has completed the legal procedures required to transfer to the Company the exploration rights for the Company's Misty Hills property.

In March of 2013, the Company submitted the mandatory environmental report and impact studies necessary to obtain the exploration license with the environmental authority for the State of Para, Brazil. Prior to the submission of such environmental report and impact studies, the Company was advised that it has not received four of the five exploration permits it has sought for the Misty Hills Project. The Company believes that such exploration permits will be granted in the future; the grant of such permits is typically granted for similarly situated companies.

### **Plan of Operation**

There is no historical financial information about us upon which to base an evaluation of our performance. We are an exploration stage corporation and have not generated any revenues from operations.

The Company anticipates that it will require approximately \$4,000,000 over the next twelve months to continue the Gold Hills project according to the Company's plans. As of March 31, 2013, the Company had \$241,035 in cash on hand. The Company will be seeking equity financing to provide the capital required to implement its exploration phase.

Should the Company commence additional mining projects, the Company will require additional funds in amounts to be determined.

## **Results of Operations**

### **Losses**

#### ***For the Three Month Period Ended March 31, 2013 and March 31, 2012***

During the three month period ended March 31, 2013, we incurred a net loss of \$499,256, as compared to the three month period ended March 31, 2012, in which we incurred a net loss of \$846,177.

#### ***For the Nine Month Period Ended March 31, 2013 and March 31, 2012***

During the nine month period ended March 31, 2013, we incurred a net loss of \$1,905,677, as compared to the nine month period ended March 31, 2012, in which we incurred a net loss of \$5,243,055.

### ***Losses Since Inception***

From the Company's inception through March 31, 2013, we did not earn any revenues and incurred a net loss of \$14,050,371.

### **Expenses**

***For the Three Month Period Ended March 31, 2013 and March 31, 2012***

During the three months ended March 31, 2013 we incurred total operating expenses of \$415,212, which included \$43,321 in executive and directors compensation, \$6,000 in consulting fees, \$68,295 in legal and accounting fees, \$75,000 in investment banking services, \$28,644 in travel expenses and \$193,952 in other general and administrative fees. Comparatively, during the same period in 2012, we incurred total expenses of \$734,166, which included \$380,164 in executive compensation, \$28,380 in consulting fees, \$181,881 in legal and accounting fees, \$105,000 in investment banking services and \$38,741 in other general and administrative fees.

***For the Nine Month Period Ended March 31, 2013 and March 31, 2012***

During the nine months ended March 31, 2013 we incurred total operating expenses of \$1,998,617 which included \$451,862 in executive and directors compensation, \$72,395 in consulting fees, \$159,665 in legal and accounting fees, \$225,000 in investment banking services, \$991,051 in other general and administrative fees, \$28,644 in travel expenses, and \$70,000 in marketing fees. Comparatively, during the same period in 2012, we incurred total expenses of \$5,692,914 which included \$4,010,049 in executive compensation, \$108,484 in consulting fees, \$642,279 in legal and accounting fees, \$5,068 in marketing expenses, \$225,000 in investment banking services, \$467,394 in other general and administrative fees, and \$234,640 for travel expenses.

***Since Inception***

Since the inception of the Company on July 27, 2000, we have incurred total operating expenses of \$14,416,147 which included \$3,302,213 in consulting fees, \$6,794,011 in executive and director compensation, \$783,560 in investment banking services, \$1,379,332 in legal and accounting fees, \$1,514,517 in other general and administrative fees, \$161,148 in marketing, \$30,788 in mining and exploration, and \$450,578 for travel expenses.

## Liquidity and Capital Resources

As of March 31, 2013, we had total assets of \$1,522,560, including total current assets of \$331,475, property and equipment, net of accumulated depreciation of \$26,837, and mining rights of \$1,164,248. The Company's total current assets included cash and cash equivalents of \$241,035, employee advances of \$65,720, and prepaid expenses of \$24,720. Total assets increased from June 30, 2012, at which time we had total assets of \$1,265,426, including total current assets of \$339,165, property and equipment, net of accumulated depreciation of \$27,684, and mining rights of \$898,577. The Company's total current assets included cash and cash equivalents of \$287,052, employee advances of \$48,571 and prepaid expenses of \$3,542.

The Company's total liabilities at March 31, 2013 were \$451,818, which was a decrease from June 30, 2012, at which time the Company's liabilities were \$2,730,665. The Company's total liabilities at March 31, 2013 included accounts payable and accrued liabilities of \$451,818. The Company's total liabilities at June 30, 2012 included accounts payable and accrued liabilities of \$606,516, notes payable of \$1,822,900 and derivative liability of \$301,249. This decrease in liabilities was caused by the conversion of certain obligations of the Company into options and shares of the Company's common stock.

As of the date of this Report, we have yet to generate any revenues from our business operations. The Company has raised funds through the sale of equity and borrowing. The Company will need to raise additional capital to commence operations. The amount of capital required will be determined by the size and nature of the mining projects which the Company may commence in the future. We have no assurance that financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue or expand our operations. Any equity financing we may pursue will result in additional dilution to existing shareholders.

The Company will require significant additional funding in order to conduct proposed operations for the next year. The amount of funding required will be determined by the number of acquisitions of mining properties the Company engages in during such time.

On March 1, 2012, the Company and CRG Finance AG entered into a commitment letter (the "Commitment Letter") pursuant to which CRG Finance AG agreed to provide the Company with up to One Million U.S. Dollars (USD \$1,000,000) to maintain the Company's ordinary course of business operations. The Commitment Letter was intended to facilitate funding for the Company as a supplement to the prior commitment of CRG Finance AG in the amount of One Million U.S. Dollars (USD \$1,000,000) that was contained in the Corporate Development Services Agreement between CRG Finance AG and the Company, dated September 27, 2010, of which \$1,000,000 has been drawn by the Company as of the date of this Report.

Between March and December of 2012, the Company borrowed an aggregate of \$1,000,000 from CRG Finance AG which is the maximum allowed under the Commitment Letter. No further funds remain available under the

Commitment Letter. The loan is secured by the assets of the Company, bears interest at 7.5% per annum and matures 30 days after demand following the first anniversary of the date of the loans.

On November 13, 2012, the Company borrowed \$55,000 from Volodymyr Khopta. The loan is unsecured, bears interest at 7.5% per annum and upon thirty (30) days of demand following the first anniversary of the date of such note. This loan was subsequently modified whereby it became convertible at the holder's option into common stock at \$0.10 per share.

On November 14, 2012, the Company borrowed \$250,000 from Tumlins Trade Inc. This loan was subsequently converted into restricted shares of the Company's common stock pursuant to the Conversion Agreement described below.

On November 19, 2012, the Company borrowed \$75,000 from Galyna Vynnyk. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note.

On January 29, 2013, the Company borrowed an additional \$100,000 from Tumlins Trade, Inc. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following

the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

On February 11, 2013, the Company borrowed \$20,000 from Montero Business Corp. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

On March 18, 2013, the Company borrowed \$300,000 from Darby Investment Services, Inc. under a convertible promissory note. The loan is unsecured, bears interest at 7.5% per annum and matures upon 30 days of demand following the first anniversary of the date of such note. The loan is convertible into common stock of the Company at \$0.10 per share.

Between February 21, 2013 and March 18, 2013, the Company entered into liability conversion agreements with multiple parties, pursuant to which aggregate principal of \$2,892,900, interest of \$131,455 and accrued liabilities of \$213,643 were converted into an aggregate of 32,379,980 common shares. The conversion resulted in a gain on the extinguishment of liabilities of \$40,064.

On December 21, 2012, the Company entered into an agreement with Tumlins Trade, Inc. pursuant to which the outstanding principal owed to Tumlins of \$500,000 and the accrued interest on these notes of \$15,154 was extinguished through the issuance of an aggregate of 206,065 common shares. The issuance of these common shares resulted in a change in control with Tumlins Trade, Inc. owning more than 50% of the issued and outstanding common stock of the Company. As a result of this change in control, Tumlins Trade, Inc. became a related party.

On February 21, 2013 and March 7, 2013, the Company entered into liability conversion agreements with related parties, pursuant to which aggregate principal of \$100,000 and interest of \$391 owed to Tumlins Trade, Inc. and accrued liabilities of \$45,000 owed to Luciano de Freitas Borges, an officer and director of the Company, were converted into an aggregate of 1,453,910 common shares.

## **Employees and Directors**

Since June of 2012, we have utilized the services of Para Geoexperts for certain tasks at the Gold Hills project as needed. The Company's staff includes one employee in the United States, one in Brazil and two in Europe (the Company's Chief Exploration Geologist / Exploration Vice President of Gold Hills Ltda. and the Company's Investor Relations Manager). The Company has also hired two independent consultants, a geologist and an exploration technician. In addition, the Company has announced that it has contracted Drilrent Ltd., a Brazilian-based company, to commence an exploratory drilling campaign at Gold Hills, and certain work at Gold Hills will be conducted by



temporary employees of Drilrent. The Gold Hills project is currently staffed by 35 technicians, laborers and geologists at any given time, including Mr. Borges, the Company's consultants, and employees of Para Geoexperts and Drilrent.

### **Name Change and Reverse Stock Split**

On January 4, 2013, the Company's Board of Directors and the holder of a majority of the Company's outstanding shares of Common Stock approved resolutions to take the following corporate actions:

I. Amend Article 1 of the Company's Articles of Incorporation by changing the Company's name from "Ardent Mines Limited" to "Gold Hills Mining, Ltd." (the "Name Change").

II. To file a Certificate of Change with the State of Nevada to effect a one (1) for one hundred (100) reverse stock split of the Company's issued and outstanding shares (this action is referred to herein as the "Reverse Stock Split"). Any fractional shares resulting from the Reverse Stock Split will be rounded up to the nearest whole share.

The Name Change and Reverse Stock Split were effected on February 19, 2013. In connection with the Name Change, on March 20, 2013, the Company's stock symbol changed to GHML.

### **Recent accounting pronouncements**

Certain accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

### **Off Balance Sheet Arrangements**

As of March 31, 2013, we did not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.**

Not Applicable.

### **ITEM 4. CONTROLS AND PROCEDURES.**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this Report, the Company carried out, under the supervision and with the participation of the Company's management, including its Interim Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures in ensuring that information required to be disclosed by the Company in its reports is recorded, processed, summarized and reported within the required time periods. Based on their evaluation of the Company's disclosure controls and procedures as of March 31, 2013, the Company's Interim Chief Executive Officer and Chief Financial Officer have concluded that, as of that date, the Company's controls and procedures were not effective for the purposes described above.

**Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the quarter ended March 31, 2013 that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

Not Applicable.

**ITEM 1A. RISK FACTORS.**

Not Applicable.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

The Company has entered into loan conversion agreements with twenty-two individuals and entities (collectively, the “Creditors”), with effective dates from February 21, 2013 through March 18, 2013, pursuant to which obligations owed by the Company in the aggregate amount of \$4,053,842 have been converted into 33,833,890 restricted shares of the Company’s common stock, at a conversion price of \$.10 per share, and options to purchase 1,552,995 shares of the Company’s common stock at an exercise price of \$.10 per share. Sixteen of the Creditors acquired some or all of such debt from CRG Finance AG, who is also a corporate development consultant and creditor of the Company. CRG Finance AG has assigned to the Creditors a total of \$2,470,245 of indebtedness attributable to loans previously made to the Company by CRG Finance AG and other obligations. The Company was a party to the loan assignment agreements entered into between CRG Finance AG and such Creditors. The Creditors were issued convertible notes by the Company which the Creditors converted into shares of the Company’s common stock.

Fifteen of the aforementioned stock and option issuance transactions related to conversions of loans and other obligations were executed by non-U.S. persons and were undertaken by the Company in reliance upon the exemption from securities registration under Regulation S of the U.S. Securities Act of 1933, as amended. The remaining seven were executed by U.S. persons pursuant to the exemption from securities registration under Section 4(2) of the Securities Act of 1933, as amended.

Two of the Creditors serve as officers and directors of the Company: Mr. Luciano de Freitas Borges is the Company’s President and a Member of the Company’s Board of Directors (the “Board”) and Mr. Gabriel Margent is the Company’s Chief Financial Officer and a Member of the Board. The Company and Mr. Borges agreed to convert unpaid fees owed to Mr. Borges in the amount of \$45,000 into 450,000 shares of the Company’s common stock. The Company and Mr. Margent agreed to convert unpaid fees owed to Mr. Margent in the amount of \$25,000 into an option to purchase 250,000 shares of the Company’s common stock at an exercise price of \$.10 per share.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

Not Applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

This item is not applicable, as the Company does not own or operate mining operations in the United States. The Company plans to conduct its operations outside of the United States.

**ITEM 5. OTHER INFORMATION.**

In March of 2013, the Company submitted the mandatory environmental report and impact studies necessary to obtain the exploration license with the environmental authority for the State of Para, Brazil. Prior to the submission of such environmental report and impact studies, the Company was advised that it has not received four of the five exploration permits it has sought for the Misty Hills Project. The Company believes that such exploration permits will be granted in the future; the grant of such permits is typically granted for similarly situated companies.

**ITEM 6. EXHIBITS.**

The following documents are included herein:

<b>Exhibit No.</b>	<b>Document Description</b>
Exhibit 3.3	Amendment to the Certificate of Incorporation.
Exhibit 3.4	Certificate of Change.
Exhibit 10.35	Convertible Promissory Note to Tumlin Trade Inc. in the amount of \$100,000, dated January 29, 2013, incorporated by reference to Exhibit 10.35 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on February 13, 2013.
Exhibit 10.36	Form of Loan Assignment Agreement, incorporated by reference to Exhibit 10.36 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 20, 2013.
Exhibit 10.37	Form of Convertible Promissory Note, incorporated by reference to Exhibit 10.37 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 20, 2013.
Exhibit 10.38	Form of Stock Conversion Agreement, incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 20, 2013.
Exhibit 31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101**	Interactive Data Files
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Schema
101.CAL**	XBRL Taxonomy Calculation Linkbase
101.DEF**	XBRL Taxonomy Definition Linkbase
101.LAB**	XBRL Taxonomy Label Linkbase
101.PRE**	XBRL Taxonomy Presentation Linkbase

\* These certifications are furnished to the SEC and are not to be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall they be

deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act of 1934, as amended.

\*\* These exhibits are furnished to the SEC and are not to be deemed “filed” for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of these Sections nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**GOLD HILLS MINING, LTD.**

**(Registrant)**

By: /s/ URMAS TURU  
Name: Urmaz Turu  
Title: Interim Chief Executive Officer,  
  
Principal Executive Officer and Director

By: /s/ GABRIEL MARGENT  
Name: Gabriel Margent  
  
Title: Chief Financial Officer, Director,  
  
Principal Financial Officer and  
  
Principal Accounting Officer

Dated: May 15, 2013



