



HILL END GOLD LIMITED

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Excellent metallurgical test work results at Hargraves

24 July 2012

ASX Code: HEG, HEGOA

Hargraves Project – EL 6996 (HEG 100%)

- Metallurgical test work indicates that high gold recovery can be expected from the Big Nugget Hill Deposit (Total Resource 221,000 ounces gold*) at a coarse grind size in a low cost gravity processing plant.
- Significant capital and operating cost savings can be achieved by utilising a simple gravity – leach process which also delivers a smaller and environmentally-friendly operating footprint.
- Further optimisation of the process design is continuing.

Metallurgical test work has recently been completed on a representative sample of ore grade diamond core from the Big Nugget Hill resource by ALS AMMTEC (Metcon Laboratories) in Brookvale, NSW. The sample was selected to represent 'high grade' ore material with a drill core assayed grade of 4.2 g/t Au. The tests were designed to identify how readily the gold is recoverable to a gravity concentrate at a coarse grind size, and to what degree the gold in the concentrates may be leachable.

Previous test work completed in 2010 recovered 92% of the gold to a high grade gravity concentrate of 1.4% of the feed material at a fine grind of P₈₀ 75 microns. However, by increasing the amount of material recovered to the gravity concentrate, and reducing the concentrate grade, a similar recovery result may be achieved at a much coarser grind.

There are major cost and efficiency advantages if a high proportion of the gold can be recovered in gravity concentrate at a coarse size, while discarding a gravity tail with only low gold content.

Compared to a conventional gold processing plant, a gravity plant is much smaller in size and uses far less power. Process water is more completely recycled and, in addition, this process would produce a chemical-free, sand-sized tailings material.

* Total resource estimate for Big Nugget Hill is 2.2 Mt at 3.1 g/t Au for 221,000 ounces contained Au:

Indicated Resources	1.3 Mt at 3.5 g/t Au	143,000 ounces contained Au
Inferred Resources	0.9 Mt at 2.6 g/t Au	78,000 ounces contained Au

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A 60kg representative sample was crushed to approximately 2mm and a 6kg sub-sample was progressively ground more finely to P₈₀ 0.75mm, 0.50mm and 0.25mm. At each size a small Knelson centrifugal bowl concentrator was used to recover a gold concentrate, which simulated gravity gold recovery in the grinding circuit of a processing plant. Each concentrate was leached using a high strength cyanide solution with LeachWell leach accelerator tablets and all products were assayed. The 14.8g/t Au back calculated head grade for this 6kg sub-sample was much higher than the drill core assay owing to the presence of coarse gold, which is ubiquitous in the Big Nugget Hill deposit, and causes variable assay results for sub-samples (another 6kg sub-sample assayed 2.4g/t Au).

The results in the table below are for each stage of grinding the sub-sample to sizes of P₈₀ 0.75mm, 0.50mm and 0.25mm and for the cumulative totals to P₈₀ 0.25mm. The results show that a high gold recovery to a low mass yield gravity concentrate is achievable at a coarse grind size, and the gold in concentrate is almost completely leachable.

Metallurgical test results - Metcon M2631 (Head grade 14.8g/t)

80% passing size (mm)	0.75	0.50	0.25	Total
Retained gravity concentrate mass yield	3.7%	1.2%	1.1%	6.0%
Grade of each gravity tailing (g/t Au)	0.42	0.24	0.12	0.12
Gold recovery to each concentrate	97.3%	1.2%	0.8%	99.3%
Gold in conc. leached after 2Hrs (LeachWell)	100%	96.1%	95.8%	99.7%
Total gold 'recovery' using Gravity – Leach process at nominal 4.2g/t head grade:				
	90.1%	94.2%	96.9%	96.9%

The very high gold recovery of 97.3% to a gravity concentrate at P₈₀ 0.75mm is caused by some large pieces of gold in this sub-sample, and the final recovery to gravity concentrate of 99.3% is also inordinately high. However, more significantly, the low gravity tailings grades at these coarse liberation sizes indicate that at a nominal head grade of 4.2g/t Au, a recovery well in excess of 90% is feasible in a simple low cost gravity-leach process plant.

There are significant capital and operating cost savings with a simple, small gravity - leach plant which has much less equipment, reduced power and water consumption, less labour, a much smaller footprint and simpler operation than a conventional carbon in-leach gold plant.

Further optimisation of the process design will continue to assess the capital and operating cost parameters with a view to equipment sizing and selection.

Philip Bruce
Managing Director

Competent Persons' Statement

The information in this announcement is based on information compiled by Philip Bruce. Mr Bruce is a Fellow of the Australasian Institute of Mining and Metallurgy and is a full-time employee of HEG. Mr Bruce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Bruce consents to the inclusion of the matters based on the information in the form and context in which it appears.

About Hill End Gold Limited

Hill End Gold Limited (ASX:HEG) is an exploration and development company with the objective of becoming a mid-tier producer based on its projects at Hill End and Hargraves in the historically gold-rich region in central New South Wales, Australia, and through continuing its acquisition of projects with significant potential. Gold resources defined by the Company currently total 557,000 ounces. The Company's strategy is to increase resources to more than one million ounces in the short term to form a basis for profitable production on a significant scale.