
Report for September 2007 Quarter

31 October 2007

ASX Code : HEG, HEGO

Hill End Project

Reward

- *Underground development hits new high grade zone at Patriarch.*
- *Exploration of new Central Mica bulk mining target in Patriarch area.*
- *Site preparation for raise bore hole commenced.*
- *Process plant re-construction almost completed.*
- *Visible gold and 155g/t gold in Mica HW vein in Patriarch.*
- *Diamond drilling program of 4,000m to commence in next quarter.*

Red Hill

- *Resource estimate progresses.*

New Acquisitions

- *Hargraves goldfield and pre-development project acquired.*
- *Windeyer goldfield new ELA.*

NSW Undercover

- *New Deniliquin and Swan Hill Project area ELA's potential extensions of Victorian goldfields into NSW.*

Laos

- *Lak Sao Project Mineral Reconnaissance and Exploration Agreement (MREA) approval anticipated soon.*

Corporate

- *Launch of new Hill End Gold website.*

SUMMARY

At the Hill End Project during the quarter, the underground access development to Reward was advanced towards the first high grade target, which was expected to be intersected beyond the Patriarch area. The drive found that the Patriarch area, which is located between the Hawkins Hill and Reward areas of mineralisation, is very well mineralised and indicates that strong gold mineralisation is continuous over more than a kilometre.

The new Patriarch zone contains mineralisation over a broad zone of approximately 30 metres width from the Mica to Paxton's vein set and is being investigated as a possible bulk mining target. Assays and interpretation are awaited.

The sampling plant has progressed well with all items in place and is being assembled.

Acquisitions at Hargraves and Windeyer have enhanced the value and scope of the Hill End Project.

A 4,000 metre diamond drilling program is designed for the Hawkins Hill – Reward – Germantown and Red Hill mineralisation in readiness for drill rig availability. In addition a 2,500 metre program at Hargraves is scheduled to commence mid-November.

The Mineral Reconnaissance and Exploration Agreement approval for the Lak Sao Project in Laos, is expected within the next few months.

Mr Andy Pix, a mining engineer, has been appointed General Manager – Hill End. Mr Pix has strong technical and operating experience in Australia, North America and South Africa.

HILL END PROJECT

During the quarter Hill End Gold acquired the Hargraves goldfield and has pegged an Exploration Licence Application over the Windeyer goldfield. Both are approximately 35 kilometres north of Hill End. We have also pegged an ELA over the Avisford area which runs to north of Mudgee and over the Chambers Creek area to the south of Hill End. These acquisitions have tripled the size of our Hill End Project tenement area and added more pre-development projects.

Total gold output from the Hill End – Hargraves – Windeyer Goldfields of over two million ounces of gold came from surface and shallow underground workings during the nineteenth century. The majority of past hard rock production came from high grade deposits such as Hawkins Hill, which yielded over 400,000 ounces of gold from a strike length of approximately 400 metres, averaging about 10 ounces per tonne.

At Hill End the Reward area is interpreted to be continuously mineralised over a strike length of two kilometres from south of Hawkins Hill, through Reward to at least Germantown in the north. Recent development has confirmed high grade mineralisation between Hawkins Hill and Reward in a wide zone including the Mica to Paxton's vein sets in the Patriarch area.

HAWKINS HILL – REWARD GOLD PROJECT

Activities this quarter include the reconstruction of the gravity processing plant, the continuation of underground development by Mancala, commissioning of the mini-bulk sampling plant and the breakthrough into old high grade unmined workings in the Patriarch area.

A total of 235 metres of development was completed during the quarter, including 192 metres of drive advancing the Reward drive face to the 1295N position.

This development has progressed along Phillipson's zone and intersected old workings on the Mica vein set developed during 1918. These old workings were developed from the

Amalgamated Hill End Company ground to the south in 1918 to dewater the upper workings of the Central Hawkins Hill Company and found that the veins on the Amalgamated level contained gold. The workings were never stopped since the Central Hawkins Hill Company did not open up access from above within their property. The old drive along the Mica veinset, subsidiary drives in hanging wall veins and a long 60m crosscut from the Phillipsons to the Stevens vein sets have opened up the area and provided a complete section through the mineralised corridor. Sampling these old workings has been completed and results and interpretation are awaited.

This Patriarch area is being reviewed as a separate bulk sampling and production area from the Reward area. Additional equipment and manpower are planned.

In addition to the gravity sampling plant, which has a nominal capacity of 5 tonnes per hour, a mini bulk sampling facility has been established on site for gold recovery from small development samples to provide a qualitative assessment of the vein sets as development proceeds.

The mini processing plant for geology control has been commissioned comprising a jaw crusher, roller crusher and Action Mining Wave concentrating table. Fine crushing reduces the 5-10kg samples to <1mm and the Wave table separates the coarse gold and produces a concentrate within minutes. This enables underground face samples to be processed and an estimate of gold content made before firing the subsequent face. Coarse gold is recovered from the Wave table and weighed, providing a majority of the gold content almost immediately. The remaining concentrate from the table is fired at Hensley Engineering in Orange and the table tailings low grade material is sent for cyanide leach assay at SGS analytical laboratory in Townsville.

Some early results from mini sampling of the Mica Hangingwall vein in the Patriarch area are:

Mica HW vein	154.7g/t gold over 15cm	1291N (UG251)
	74.8g/t gold over 16cm	1351N (UG141)
	20.2g/t gold over 17cm	1342N (UG138)
	21.4g/t gold over 18cm	1347N (UG139)

The gold is quite coarse as can be seen in the attached figure.

The wide zone encompassing the Mica to Paxton's vein sets has been exposed and sampling results are awaited. Preliminary results have initiated a study into the potential for the bulk mining of a zone including the Mica, Star of Peace and Middle veins.

RED HILL GOLD PROJECT

A diamond drill program of 1,800 metres will commence during the next quarter to test for extensions of the mineral resource to the north under the old Valentine's workings, and will further test the Red Hill vein sets at depth.

Gold mineralisation at Red Hill has remarkable continuity of the vein sets over some kilometres and new *en echelon* vein sets have been discovered at depth. Wide mineralised quartz stockwork zones have been intersected in the White's, Marshal McMahon's and Kessell's vein sets. The stockwork zones appear to overprint Hawkins Hill-style bedded mineralised veins and are significant because of their increased widths.

A resource estimate for the deeper vein sets has progressed and will be completed after results from the planned drill program are available.

Preparation for a mining lease application for the Red Hill area has commenced. The Red Hill area is being evaluated as a combined open pit and underground project, which may be

worked together with the Reward Project and processed through a combined plant located in the Red Hill area. Bulk sampling of the deeper vein sets is under consideration.

GERMANTOWN

Two diamond drill holes GTD01 and GTD02 drilled below the old Germantown workings confirmed the strike continuation of the Hawkins Hill - Reward mineralisation some 1000 metres north of previous drilling a Reward.

The geological setting at Germantown is interpreted to be a direct continuation of the Reward – Hawkins Hill vein sets, thus these drill holes indicate a total strike continuity of the Hawkins Hill - Reward – Germantown mineralisation of some two kilometres.

A program of 1,260 metres diamond drilling in six drill holes is proposed to start at Germantown in the next quarter. The program is designed to intersect mineralisation below historical workings, to refine the location of the mineralised corridor and to test the mineralised corridor to a depth of 600 metres by intersecting the stacked vein sequence throughout its length and to identify the Reward/Hawkins Hill veins at depth.

The outcropping gold mineralisation at Germantown was mined to a maximum depth of 90 metres below surface during the nineteenth century, however high grade vein sets such as Paxton's have not yet been mined nor explored.

SCANDINAVIAN GOLD PROJECT

A program of 1300 metres diamond drilling in four drill holes is proposed for the Scandinavian area. The program is designed to traverse the northern extensions of the Reward/Hawkins Hill mineralised sequence from immediately north of Reward for a further 500 metres. The drill holes are to test below historical mining activity, which was stopped by water inflow, and will verify the location of the mineralised corridor. A deeper hole is designed to finish at 400 metres depth to test the stacked vein sequence at greater depth.

HARGRAVES

The company has acquired 100% of the Hargraves Project, which is located approximately 40 kilometres to the north of Hill End.

The acquisition of the Hargraves Project and our Exploration Licence Applications over the Windeyer and Avisford areas have consolidated three major goldfields in the Hill End area with previous reported gold production of over two million ounces. The Company's Hill End region holdings have been tripled in size to 1,531 square kilometres.

The Hargraves Project has early development targets in the Big Nugget Hill and Tuckers Hill zones, where previous explorers have outlined non-JORC mineralisation of approximately 100,000 ounces to a maximum depth of 70 metres below surface. In addition there are numerous prospective zones across a mineralised trend of four kilometres width, which have had little modern exploration.

Hargraves is the site of Australia's earliest gold reef mining in 1851, when large pieces of gold in quartz, containing up to 1,546 ounces, were discovered in quartz vein outcrops at Big Nugget Hill. Rich alluvial deposits were also mined in Louisa, Daly and Meroo Creeks and many large nuggets were found, with the 'King of Waterworn Nuggets' being the largest at 2,680 ounces of gold. To date some sub-surface exploration has been done on the Big Nugget Hill zone of mineralisation, where reverse circulation drilling is to a depth of about 60 metres and diamond drilling to only 150 metres below surface.

Previous exploration on the Big Nugget Hill zone of mineralisation has identified strong gold mineralisation over a strike length of 600 metres by drilling, and over 1,500 metres by surface sampling.

Mining in the Hill End Shaft, located on the Big Nugget Zone, was suspended in 1915, although a parcel of ore from the bottom 50 metre level was reported as containing fifteen ounces per tonne. In 1989 a two tonne bulk sample was mined from this same level with the material reported to contain more than 5 ounces per tonne.

Hill End Gold will pay \$300,000 and issue two million HEG shares and two million HEGO options to Austexploration. Two million HEG shares will be issued to Austexploration on the delineation of 70,000 recoverable ounces of gold on the tenements and a further two million HEG shares on the production of 70,000 ounces of gold.

Austexploration Pty Ltd has agreed for the Department of Primary Industry – Minerals to replace EL 5952 and the Exploration Licence issued in satisfaction of ELA 2743 with a new Exploration Licence to be granted to HEGL (currently ELA 3275). Hill End Gold has been offered an Exploration Licence in satisfaction of ELA 3275 and has paid a \$20,000 security.

Hill End Gold will commence diamond drilling at the Hargraves Project on Big Nugget Hill within the next few months to delineate economic resources and commence bulk sampling.

WINDEYER

Hill End Gold is the holder of Exploration Licence Application (ELA3260) over the Windeyer historic goldfield area, which is adjacent to the Hargraves and Hill End goldfields and is located on a mineralised structure parallel and to the west of the mineralised Hill End Anticline.

Windeyer has a number of historically rich hardrock deposits and during the 19th century rich alluvial deposits were mined in Clarkes Creek, which rises in the Boiga Mountain area: also covered by ELA3260.

Very little modern exploration has been done on the Windeyer-Boiga Mountain area.

NSW UNDERCOVER - MURRAY RIVER AREA

Swan Hill

The company has applied for Exploration Licences in the Swan Hill area (ELA3169, 3171, 3184 and 3185) of New South Wales.

The Swan Hill area applications cover the interpreted extension of the Bendigo Zone from Victoria into New South Wales.

Deniliquin

The company has applied for Exploration Licences in the Deniliquin area (ELA3167, 3168, 3170 and 3199) of New South Wales.

The Deniliquin area applications are along strike from the Victorian Mt William – Heathcote Fault zone, which hosts gold and base metal mineralisation in Victoria.

LAOS

Hill End Gold Limited has applied for a licence for foreign investment in Lao P.D.R. and the exploration of the Lak Sao Project area. Processing of the application has progressed satisfactorily and the MREA (Mineral Reconnaissance and Exploration Agreement) for Lak Sao is anticipated over the next few months.

The Lak Sao Project area of approximately 2000km² is located in the Bolikhamxay Province in Central Laos between the Mekong River and the Vietnam border. The area is approximately 100 kilometres north of the Sepon copper-gold project, operated by Oxiana Limited, in the Truongson Belt.

Previous prospecting has identified numerous precious and base metal occurrences in outcrop and in stream sediment dispersion haloes. Controlled artisanal gold mining of a moderate scale is underway on a small tenement excised from the tenement application.

During the quarter the MREA application made satisfactory progress and current project activities are the preparation for field work, which is proposed to commence in the dry season.

Hill End Gold have a 51% interest in the Lak Sao Project with Mekong Resources Pty Ltd.

Attribution

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mike Quayle and Philip Bruce. Mr Quayle is a Member of The Australian Institute of Geoscientists and is a full-time geological contractor for the company. Mr Bruce is Fellow of the Australasian Institute of Mining and Metallurgy. Both Mr Quayle and Mr Bruce have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Quayle and Mr Bruce consent to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Yours faithfully



Philip Bruce

Managing Director

Attached:

- Hill End Project Tenements
- Current Development Reward Long Section
- Photo of coarse gold in UG141 sample of the Mica Hangingwall vein
- Hill End Project Regional Overview

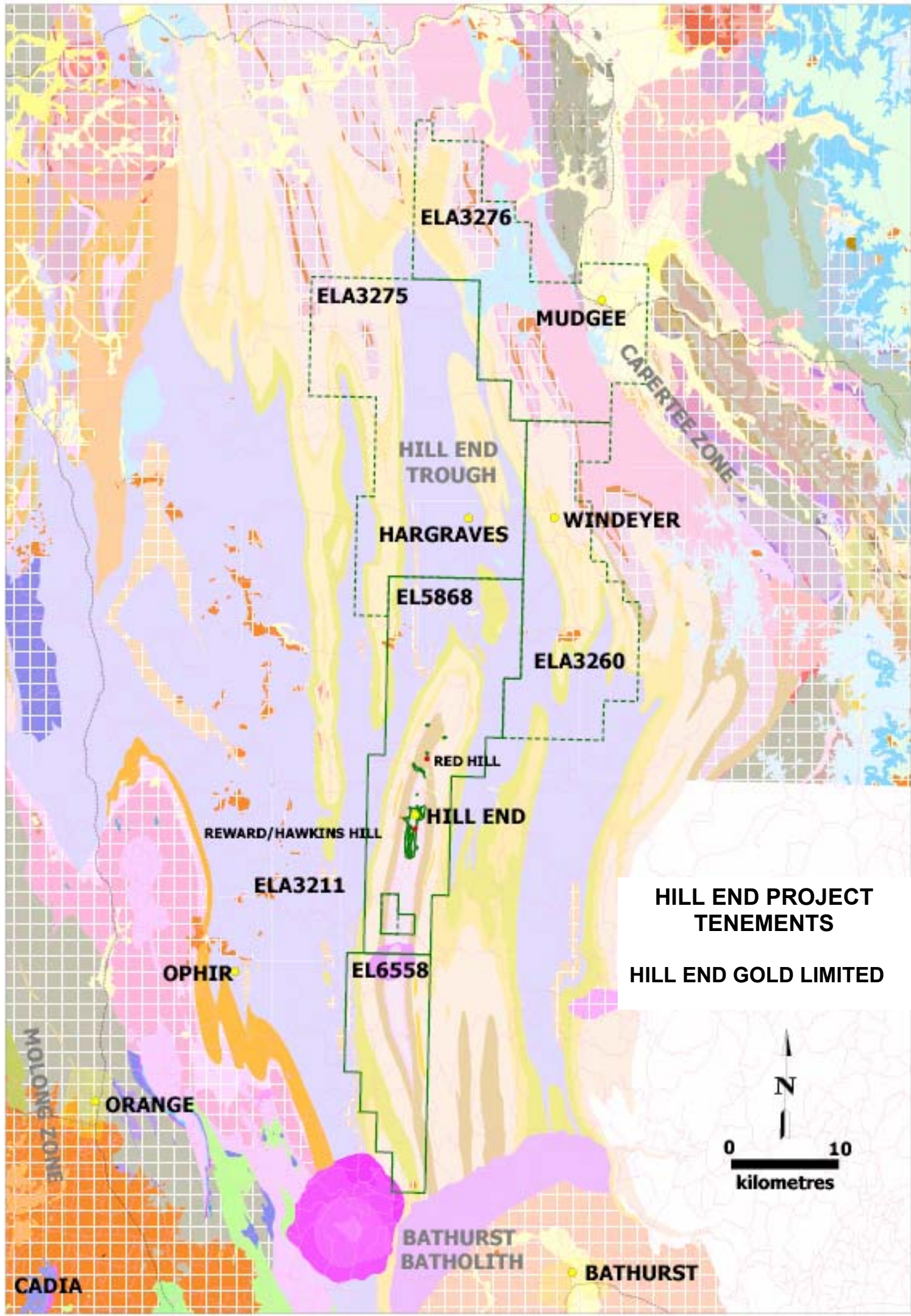
For further information contact Philip Bruce :-

Phone:

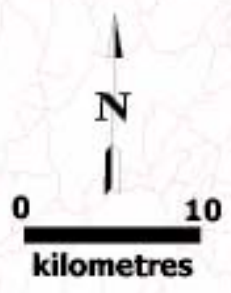
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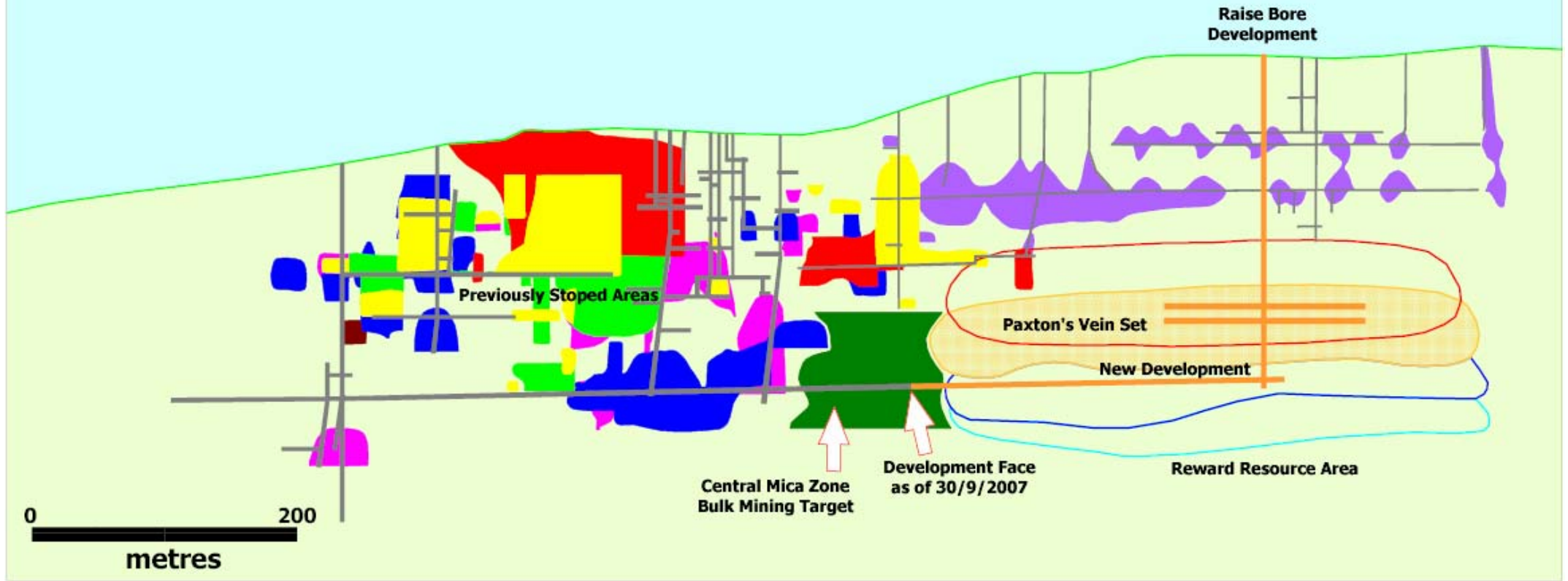
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**HILL END PROJECT
TENEMENTS**
HILL END GOLD LIMITED



HAWKINS HILL - REWARD PAXTON'S BULK SAMPLING PROGRAM





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HILL END AREA EXPLORATION

