



HILL END GOLD LIMITED

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RED HILL DEPOSIT ADDS SIGNIFICANT VALUE TO HARGRAVES GOLD PROJECT

The Red Hill deposit is located three kilometres north of Hill End on EL 5868 with the Company holding a minimum 85% equity. Pre-development studies have indicated that its development as an open pit project would add significant value to the wholly-owned Hargraves Gold Project. Initial design is for the Red Hill ore to be trucked to a processing plant near Hargraves approximately 30km north along the road to Mudgee.

The Hargraves Gold Project is at the permitting stage and has an estimated economic outcome of ~A\$40m net profit after total cost recovery and royalty payments. At A\$1,600 per ounce, Red Hill may add a further ~A\$20m net profit (100% basis) from three open pits to about 60m depth, with upside in depth extent, underground development and regional satellite deposits.

Previous metallurgical test work on oxide, transition and primary material from Red Hill has confirmed that a high gravity recovery of gold is achievable with simple processing at a coarse grind and without the use of cyanide. This is similar processing performance to the Hargraves Big Nugget Hill deposit, which only requires gravity recovery to achieve +90% recovery of gold. Consequently the processing plant, power requirements and infrastructure are a very low capital cost and of low environmental impact.

Gold mineralisation at Red Hill has remarkable continuity of the mineralised zones over some kilometres.

The Red Hill deposit has had comprehensive re-logging of selected drill core and detailed re-interpretation of the controls of the high grade gold mineralisation from surface to a depth of 200m. This work has confirmed the kilometre-scale continuity of the mineralised vein sets and stockworks along the intersection of the host horizons with feeder structures. This is a similar plumbing system for the gold mineralisation found elsewhere along the Hill End Anticline at Hargraves and in the Hawkins Hill – Reward deposit. The previous drilling campaign continued to discover new *en echelon* vein sets at depth and wide mineralised quartz 'bedded' stockwork zones have been intersected in the Whites, Red Hill and Kessells areas.

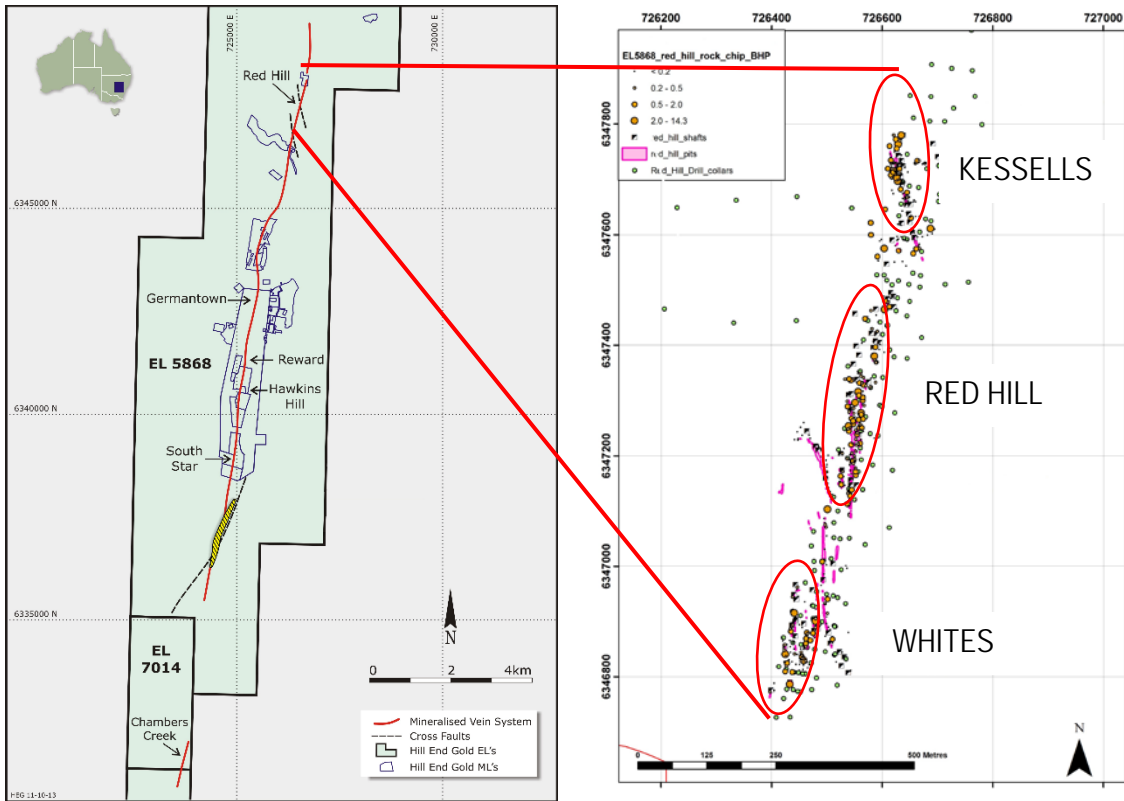
The Red Hill mineral resource of 849,000 tonnes at 3.3 g/t for 89,200 gold ounces is of the Inferred category and of 2008 vintage. It is proposed to update the resource to JORC 2012 criteria. Geological re-interpretation has identified that drilling coverage is incomplete along the lines of gold mineralisation below a depth of 80m and the mineralisation may extend for some kilometres north and south along strike beyond the current pit designs, which cover about one kilometre of outcropping mineralisation. The re-estimate of the resource to 2012 criteria is expected to increase the confidence of a proportion of the

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resources to Measured and Indicated categories and further drilling is expected to increase the resources. Additional resource extensions are expected in the Red Hill area, such as at the Western Line of mineralisation and towards the south under the Tambaroora Creek alluvial workings.



Red Hill location showing drill hole collars, surface samples and three proposed open pit outlines

Philip Bruce
Managing Director

Competent Persons' Statement

The information in this report that relates to Reward and Red Hill Mineral Resources is based on information reviewed by Mr Philip Bruce, for Hargraves Mineral Resources and for Exploration results is based on information reviewed by Dr Stuart Munroe and Philip Bruce. Dr Munroe is a Member of the Australasian Institute of Mining and Metallurgy and Mr Bruce is a Fellow of the Australasian Institute of Mining and Metallurgy and both are full-time employees of HEG. Dr Munroe 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Dr Munroe and Mr Bruce consent to the inclusion of the matters based on their information in the form and context in which it appears.

The Mineral Resource information referred to in this document was prepared and first disclosed under the JORC Code 2004 and it has not been updated on the basis that the information has not changed since it was last reported.