



HILL END GOLD LIMITED

ACN 072 692 365

Hill End increases production and reduces costs

11 December 2008

ASX Code : HEG, HEGOB

The processing of high grade underground ore at Hill End has increased to an average of 50 tonnes per day since the beginning of December, on a five day basis.

Mining and processing is now focussed on the very high grade Paxton's veinset which is averaging a recovered grade of about an ounce per tonne.

The ball mill has been commissioned to regrind the coarse tailings fraction to improve tailings line reliability and increase gold recovery. The ball mill has additional capacity so bypassing the tertiary crushers and putting their feed stream directly into the ball mill feed is under review.

Additional optimisation of plant throughput and recovery is expected over the coming weeks.

Downer EDI, a major process engineering group, are providing contract assistance to further improve the plant reliability and to extend the operating hours and an experienced plant superintendent has been hired on.

Development in the Reward Shaft area has now progressed to the 707 level which will be the fourth production level. The 695 level has commenced driving north and south on the Paxton's veinset with the north drive in very abundant gold and recent face grades have partial assays up to 848g/t over the 20cm width of vein. The Paxton's veinset is up to four metres wide in this area with multiple very high grade quartz veins across the width of the veinset.

Following commissioning of the Reward shaft the production air and water services have been installed down the shaft to all levels with a significant improvement in underground equipment efficiency and productivity in mining the Paxton's veinset. Redundant power and compressed air services at the Amalgamated portal are to be decommissioned and off-hired as all mining activities focus on the Reward shaft area.

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 their information in the form and context in which it appears.

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