

HILL END GOLD

ON THE MARCH TO ONE MILLION OUNCES

Junior gold play Hill End Gold has a strong, clear focus, which is to increase its resources and profitable gold production.

THE COMPANY'S eponymous Hill End project tenements cover about 1100 square kilometres in New South Wales.

The project encapsulates the rich Hill End, Hargraves and Windeyer Goldfields, which combined at one time to be one of the world's richest gold mining areas. Historically, the area has been hugely productive and well known for the discovery of extensive shoots of coarse gold in underground workings and large nuggets at surface.

One such find was the Holtermann's "nugget", which was about 1.3 metres high and created something of a fuss when it was pulled up from 60m underground at Hill End in the early 1870s.

Hargraves was the site of Australia's earliest gold reef mining in 1851 and gained prominence through the discovery of large pieces of gold in quartz. There was the Kerr's Hundredweight "nugget", which contained about 1500 ounces, and others like it were broken off the quartz vein outcrops at the appropriately named Big Nugget Hill.

"Historically both Hill End and

Hargraves had only been mined down to the water table," Hill End Gold managing director Philip Bruce told *RESOURCESTOCKS*.

"We have opened them up with diamond drilling and the underground mining we have done at Hill End has accessed the Hawkins Hill – Reward deposit along one kilometre of strike below the old workings. We have also put in a 250 metre shaft with ten levels for trial mining to assess the high grade gold zones."

Behind the work HEG has completed at Hill End was the intention to extend high grade resources below the old workings along strike and to confirm the continuity of the mineralisation and the grade distribution of the gold. The company also was eager to find out whether the coarse gold was well distributed and whether the deposit could be mined and explored in a predictable and productive way.

"We found that to be the case," Bruce continued, "and the processing plant we put in for the bulk sampling and trial mining has been running at an equivalent of 30,000 tonnes per year with a metallurgical recovery of 95% of the contained gold. It is

a gravity-only plant and cost us less than \$1m to build and can be increased in capacity to 100,000 tonnes per year with similar cost.

"What we are looking to do now is to capitalise on the wealth of data that we have obtained through mining and drilling at Hill End and, with our understanding of the high grade mineralisation, to increase the number of mining blocks in the four kilometres long main zone at Hill End and restart mining at a higher rate."

Close spaced drilling at Hargraves provided an early understanding of the controls of the high grade mineralisation in the first target at the Big Nugget Hill structure. Recent underground mining carried out by HEG at Hill End has confirmed continuity of the high grade Hawkins Hill – Reward quartz-vein system. It has outlined resources of 660,000 tonnes at 10.6 grams per tonne gold. The plan is to extend it along strike beneath the old workings.

HEG's strategy is to expand its total resources from the current position of about 300,000 ounces up to 1 million ounces of gold and to continue the development of the Hill End/Hargraves projects.

"At Hill End the mining and drilling work we have been doing so far has been concentrating on a fairly limited strike length in the underground section and to build up production we are interpreting the data and preparing for increased production from additional mining areas," Bruce explained.

"Now that we know, what the mineralisation looks like and have worked out the controls we are defining the mining blocks within the current resources and we are looking to expand the resource outside that

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PHILIP BRUCE
HILL END GOLD

one kilometre strike length at Hill End for the other three kilometres along strike we know is containing outcropping significant gold workings that haven't, as yet, been explored."

Hill End may hold a great deal of potential for HEG but for the present time its concentration will be focused on Hargraves, 35km north of Hill End. A maiden resource drill out has been completed at Hargraves to a depth of 400m over the Big Nugget Hill deposit with intersections returning results of up to 4.2g/t gold over 75m from near surface and up to 8 ounces per tonne over 3.6m at 100m depth.

"Hargraves is a much bigger project than Hill End from what we are seeing in the extent and tenor of the mineralisation that we have got there," Bruce said.

"The Big Nugget Hill structure is about one kilometre long so far, and the coarse gold mineralisation is similar to Hill End, but the structure we know goes for another three to four kilometres. We have been drilling on 25 metre spacing to complete a 12,000 metre program and currently putting the resources together.

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Mineralisation structure at Big Nugget Hill is open at depth and along strike with a number of similar gold-bearing structures located close-by.

Areas of historical production at Big Nugget Hill remain relatively untested, however, detailed logging of drill core and interpretation has provided HEG with a much clearer understanding of the ore body structural framework.

The highest grade mineralisation at Big Nugget Hill occurs within metres of Feeder Zone/Reef intersections. Lower grades are found adjacent to vertical Feeder Zones between the dominant reefs.

The recent drilling has established continuity to the mineralised reefs over the strike length tested and interpreted to date.

Reef 1 has been extended a further 600m intersecting "bonanza grades" 40m below surface. Reef 3 extends at least 800m, where once again comparable grades were intersected at 110m below surface. Reef 5 has been extended at least 300m intersecting similar grades 70m below surface



near the northern extent of the drilling.

"In coarse gold mineralisation a successful mine depends on the continuity of the geology and the gold grade and you have to do close-spaced drilling or trial mining and mapping to put all the controls together," Bruce said.

"At Hill End it took us 15 years to figure out how it all worked. In the old days the mineralisation was said to jump from vein to vein and what we found is that the 'jumping from vein to vein' is a sub-vertical structural control and we have vein sets that are mineralised every few metres down structure. There is a similar structural control over at Hargraves.

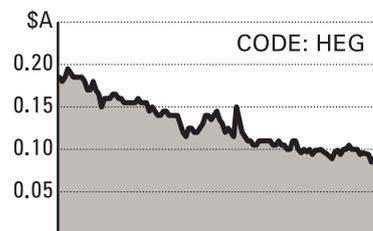
"We drilled Hargraves out to 25 metre by 15 metre spacing so the geologists could do a lot more interpretation at a detailed level without us having to go underground and to define it by bulk mining and underground development.

"So it has been a fantastic outcome up at Hargraves where it has taken us only six months, compared to 15 years, to see that the continuity of the high grade mineralisation is of a kilometre scale along strike and well-defined within a structure that outcrops into a zone about 40 metres wide.

"It's a structurally controlled system that has strong vertical extent and there is mineralisation in the drilling we have done down to 400 metres. The Big Nugget Hill structure is the first one we have drilled. There are about a dozen more similar structures up at Hargraves that we intend following up on as well." – **Wally Graham**

The gravity-only plant can be increased in capacity to 100,000 tonnes per year

HILL END GOLD AT A GLANCE



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MARKET CAPITALISATION

\$37.5 million (at press time)

QUOTED SHARES ON ISSUE

410,545,086

MAJOR SHAREHOLDERS

HSBC Nominees 12.9%
Wanabee Holdings 12%
National Nominees 5.7%
ANZ Nominees 5.7%