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Report for June 2004 Quarter

30 July 2004

ASX Code : HEG
 HEGO

HIGHLIGHTS

- *Final assay results for Red Hill project indicate three contiguous zones of shallow gold mineralisation with potentially economic open pittable gold mineralisation in an area of 75 metres in width and 750 metres in strike length.*
- *Investigation of the Amalgamated and Consolidated level workings shows that a large part of the Hawkins Hill deposit remains unmined.*
- *Underground work has been redirected towards accessing and bulk sampling the unmined Central Hawkins Hill section, estimated to contain approximately 100,000 tonnes of vein material.*
- *Extraction of backfill from historical workings commences.*
- *Stope development starts in the Hawkins Hill workings with rising and stope preparation in the Star of Peace vein.*
- *Plant and infrastructure commissioning continued during the quarter.*
- *Appointment of Mr Philip Bruce as Managing Director.*

CORPORATE OVERVIEW

Hill End Gold Limited has re-established an underground mining operation at the historical high grade Hawkins Hill deposit to recover gold from extensions to the deposit. Development will continue a further 400 metres north to the new Reward deposit, a deposit similar to Hawkins Hill, though as yet unmined.

Exploration success in the Red Hill project area has indicated a potential open pit deposit in a soft rock oxidised environment. In addition the company has extensive tenements along the mineralised Hill End Anticline structural zone which has hosted the majority of gold deposits in the area.

Mr. Graham Reveleigh has retired from the position of Managing Director and Mr. Philip Bruce comes to the position with strong corporate, project development and operating experience in Australia, South Africa and Indonesia. He was previously Managing Director for Triako Resources Limited and General Manager Development for Plutonic Resources.

HAWKINS HILL – REWARD GOLD PROJECT

Initial redevelopment of the Hawkins Hill deposit has been completed with access and reopening of the Star of Peace stope. The Reward development drive has advanced to 31 metres from the Amalgamated crosscut breakaway. During the quarter, an investigation of the Amalgamated and Consolidated level workings determined that a large part of the Hawkins Hill deposit remained unmined. Following initial mine planning, work has been redirected towards accessing and bulk sampling this unmined section, which is calculated to contain approximately 100,000 tonnes of vein material at a stoping width of one metre in the Mica, Star of Peace, Middle Workings, Paxtons and East veins.

Rising has commenced on the Star of Peace vein from the Amalgamated level at the Government winze position. The rise will be 100 metres long up to the Consolidated level for ventilation, sampling, production and second exit from the workings. A sub-level has been driven from the rise to connect into the Star of Peace workings to facilitate removal of the backfill material, to re-timber the stope and to open up access for additional stope development. Additional sub-levels will be driven on the Star of Peace vein and access rises to the Middle Workings vein will be developed to sample that vein.

A new underground ~150 tonne stockpile area has been established for material sourced from the stope development and backfill extraction activities.

An additional underground loader was purchased during the quarter to provide reliable haulage from the Hawkins Hill area. A 1000V transformer was commissioned in readiness for relocation of ventilation fans underground.

During the quarter plant commissioning continued and an 11kW Wescone crusher and its feed and discharge conveyors were installed into the plant. The Wescone crusher feed and discharge arrangements are proving a challenging installation in handling the graphitic slaty host material. Water flushing is used in the feed end of the Wescone crusher to remove built up slate paste and a pump has been installed to return the crusher discharge to the screen deck.

A new water bore, the Cornelian dam, the Amalgamated underground water supplies and a tailings return water pump are in place or planned to provide sufficient plant water supply. Recent approval by NP&WS provides for a significant quantity of water available from the Hill End process water evaporation ponds.

HILL END EXPLORATION

All final assay results from the RC drilling program over Red Hill, Clines Gully, Camp Hill and Magnet prospects have been received.

The screen fire assay results are approximately in line with the preliminary fire assays. A table of the final fire assay results is attached. In general it is noted that the larger screen fire assay samples have returned higher final assays for lower grade material than was reported in preliminary fire assaying. This upgrading effect is in good agreement with coarse gold sampling and assaying practice and it is expected that a bulk sample or production result would give a higher result again.

Red Hill Project

Reverse circulation drilling has outlined three contiguous zones of shallow gold mineralisation in the Red Hill project area with potentially economic open pittable gold mineralisation within an area of about 75 metres in width and 750 metres in strike length.

Better intersections are:-

RC32 ▪ 2.42g/t over 30 metres (from surface)

RC39 ▪ 1.94g/t over 33 metres (from 36m)

RC49 ▪ 1.68g/t over 15 metres (from 78m)

RC54 ▪ 9.71g/t over 11 metres (from 19m), including 102g/t over 1 metre

RC57 ▪ 1.50g/t over 23 metres (from surface)

RC60 ▪ 1.56g/t over 11 metres (from 40m)

The mineralisation is open at depth and along strike with many drillholes finishing in good grade. The three zones are flat-lying along strike and contain gold mineralisation in association with quartz veins dipping steeply to the east. High grade mineralisation occurs mainly at the footwall and hanging wall limits of old workings and at the supergene horizon which is approximately 50 metres below surface.

Continuity of geology and mineralisation has been demonstrated between the 50 metre drill section lines and a resource compilation and estimate is underway to a JORC standard given that all QA/QC and the metallurgical performance for the oxide, transition and primary material is satisfactory.

Further drilling will test for extensions at depth and for internal extensions of high grade shoots.

Metallurgical testwork will be undertaken to assess gold recovery by gravity and cyanidation. Coarse gold has been logged during drilling and good metallurgical performance is expected.

Yours faithfully

Philip Bruce
Managing Director

Attached: - Hill End Gold final RC drilling results
- Hill End Underground Gold Project 3D

Hill End Gold Reverse Circulation Drilling Assay Results

Final 1kg screen fire assay results (* fire assay only)

Hole No (EOH)	Approx Location	Metreage (m)	Interval (m)	Gold Assay (g/tAu)
RED HILL				
RC 29 (75m)*	20300N 10080E	-	-	<1.0
RC 30 (75m)*	19975N 10060E	-	-	<1.0
RC 31 (108m)	19978N 10100E	31-32	1	2.90
		35-38	3	1.30
		42-43	1	4.30
		76-77	1	0.26
		82-96	14	0.35
RC 32 (75m)	19753N 10087E	0-30	30	2.42
RC 33 (63m)	19348N 10107E	22-23	1	1.83
RC 34 (68m)	19213N 10125E	1-19	18	0.96
		22-23	1	0.30
		33-39	6	2.70
RC 35 (68m)*	19217N 10150E	25-30	5	1.33
		62-64	2	1.72
		67-68	1	1.08
RC 36 (67m)*	19248N 10113E	0-9	9	1.51
		13-15	2	1.07
RC 37 (64m)*	19251N 10149E	2-3	1	0.22
		5-6	1	0.21
		12-13	1	0.42
		17-18	1	1.56
		27-28	1	1.45
		31-44	13	0.92
RC 38 (75m)	19297N 10109E	13-18	5	2.22
		22-23	1	0.96
RC 39 (76m)	19298N 10150E	15-33	18	0.59
		36-69	33	1.94
		incl. 41-42	1	32.90
RC 40 (80m)	19348N 10147E	21-25	4	0.51
		28-29	1	1.02
		33-39	6	0.67
		44-45	1	0.25
		55-57	2	8.94
		60-61	1	6.10
		64-80	16	0.92
RC 41 (80m)	193990N 10139E	59-62	3	1.21
		70-71	1	1.38
		73-74	1	0.92
RC 42 (65m)	19407N 10096E	8-9	1	0.52
		19-20	1	2.63
RC 43 (75m)*	19448N 10098E	36-37	1	2.47
RC 44 (75m)*	19550N 10110E	-	-	nil > 1.00
RC 45 (75m)	19463N 10126E	49-50	1	0.81
		52-53	1	0.32
		63-64	1	0.20
		68-71	3	0.93
RC 46 (85m)*	19648N 10142E	42-43	1	4.49
RC 47 (75m)*	19550N 10140E	-	-	nil > 1.00
RC 48 (75m)	19450N 10150E	59-60	1	0.22
		69-74	5	0.87
RC 49 (99m)	19509N 10145E	69-70	1	1.11
		73-74	1	0.34
		78-93	15	1.68
		96-99	3	0.64
RC 50 (75m)	19593N 10116E	0-27	27	0.59
		33-34	1	0.96
RC 51 (60m)*	19645N 10095E	5-7	2	0.96
		10-14	4	0.33
		20-37	17	0.52
		40-41	1	0.20
RC 52 (69m)	19801N 10067E	28-34	6	1.39
RC 53 (60m)*	19850N 10075E	-	-	nil > 1.00
RC 54 (75m)	19897N 10072E	9-10	1	0.26
		15-16	1	0.35
		19-30	11	9.71
		incl. 19-20	1	102.5
RC 55 (75m)*	19895N 10086E	11-12	1	1.22

Final 1kg screen fire assay results (*fire assay only)

Hole No (EOH)	Approx Location	Metreage (m)	Interval (m)	Gold Assay (g/tAu)
RC 56 (69m)*	19845N 10117E	-	-	nil > 1.00
RC 57 (63m)	19699N 10102E	0-23	23	1.50
		26-41	15	0.38
		45-47	2	0.77
RC 58 (75m)*	19300N 10187E	-	-	nil > 1.00
RC 59 (69m)	19801N 10094E	43-47	2	2.07
		52-55	3	0.45
RC 60 (80m)	19949N 10088E	40-51	11	1.56
		54-55	1	2.70
RC 61 (75m)*	20090N 10043E	-	-	nil > 1.00
RC 62 (75m)*	20055N 10065E	-	-	nil > 1.00
RC 63 (75m)*	20200N 10021E	36-37	1	1.27
		46-47	1	2.33
RC 64 (81m)	20270N 10041E	8-9	1	1.54
		22-25	3	0.24
		71-75	4	4.21
RC 65 (75m)*	20217N 10081E	65-70	5	3.04
RC 66 (75m)*	20199N 10082E	-	-	nil > 1.00
RC 67 (75m)*	20147N 10043E	-	-	nil > 1.00
RC 68 (75m)	20368N 10011E	15-19	4	0.45
		25-29	4	0.69
		38-39	1	3.61
CAMP HILL				
RC 69 (60m)*	6346375N 726192E	-	-	nil > 1.00
RC 70 (56)*	6346249N 726214E	-	-	nil > 1.00
RC 71 (55)*	6346252N 726259E	-	-	nil > 1.00
RC 72 (69)*	6346300N 726228E	8-9	1	3.62
MAGNET				
RC 73 (69)*	6345499N 726010E	-	-	nil > 1.00
RC 74 (63)*	6345495N 725953E	-	-	nil > 1.00
CLINES				
RC 75 (81m)*	6343802N 724905E	-	-	nil > 1.00
RC 76 (81m)*	6343714N 724869E	-	-	nil > 1.00

PARAMETERS

- Drill hole bearing: Grid West
- Drill hole declination: 60 deg
- Assay Intervals: 1m
- Bottom Cut Off Grade: 0.20g/tAu
- Top Cut Off Grade: Open
- Internal Dilution: 2x1m intervals
- Averaging Methodology: Arithmetic

Exploration comment and data herein are based on information provided by Mr John Gallo of JNK Exploration Services who has consented to its release in this report in the form and context in which they appear. Mr Gallo is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the styles of mineralisation being reported on to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves".

