

Hill End Gold Limited

PRESS RELEASE

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Hill End Gold to start mining in two weeks

Gold explorer Hill End Gold Limited said on Tuesday it had been granted a mining lease over the Hawkins Hill – Reward Project area and would start underground work within two weeks.

Managing Director Graham Reveleigh said the company was on track to achieve its first gold production, by March, at the historic gold mining area of Hill End in New South Wales.

“The granting of Mining Lease 1541 and approval of the Mine Operating Plan will allow the Hawkins Hill-Reward underground project to commence in earnest,” he said.

Mr Reveleigh said that the company would rehabilitate an existing adit, which extends 400 metres underground, and then drive a new section a further 550 metres into an area identified as a gold mineralised zone by drill intersections.

Mr Reveleigh said mining contractors would start in two weeks to re-open the existing underground workings, which were originally created in the mid-1800s and early 1900s by hand miners who won 400,000 ounces of gold from a multitude of small leases at Hawkins Hill.

“We have already completed the access road and started work on reconstructing the portal preparatory to the contractors widening the existing workings to allow access for modern mining equipment,” he said.

“There is evidence that the Reward area may be a repetition or extension of the high gold producing Hawkins Hill area to the south, and we believe there is untested potential for a deposit similar to Hawkins Hill at Reward.”

Mr Reveleigh said the company was on track to begin processing the old mine stope fill early in 2004 with gold expected to be poured by March.

“We are different from other exploration companies in that we are able to generate early cashflow from the processing of stope fill and the extension of existing workings,” he said.

“The ore is free milling and recoveries of over 90 percent should be obtained by the use of a conventional gravity circuit,” he said.

“These activities should start to generate cashflow to help develop the project in early 2004.”

BACKGROUND

Hill End is an area which in 1872 yielded the Holtermann Nugget which contained 3000 ounces of gold in a 286 kilogram nugget. This is, still, recorded as the largest single specimen of reef gold ever hoisted from an underground mine.

The company owns 85 percent of the central tenement area made up of Hawkins Hill – Reward and 100 percent of the remaining area.

The original Hawkins Hill operations mined a multiple-lode high grade gold deposit of about 400 metres in strike and 200 metres in dip length. It has been estimated that bulk mining of the middle lodes in the original Hawkins Hill deposit would have produced some 3 million tonnes at 10 g/t containing over 1 million ounces. The lodes are continuous with strong wall rock and no water problems. The Hawkins Hill deposit was partially mined historically with additional high grade gold zones likely to be found.

The Reward area is located 400 metres north of the Hawkins Hill deposit and is interpreted to be an unmined geological repeat of the Hawkins Hill middle lodes. Four diamond drill holes into the gold zone have intersected the high grade quartz veins with drill intersections of up to 17.6 ounces/tonne gold over 0.33 metre.

Cashflow from gold production is planned to commence early in 2004. Gold will be produced from re-opening the Hawkins Hill deposit with access at the Amalgamated level, then from development along the line of lode towards the Reward area.

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