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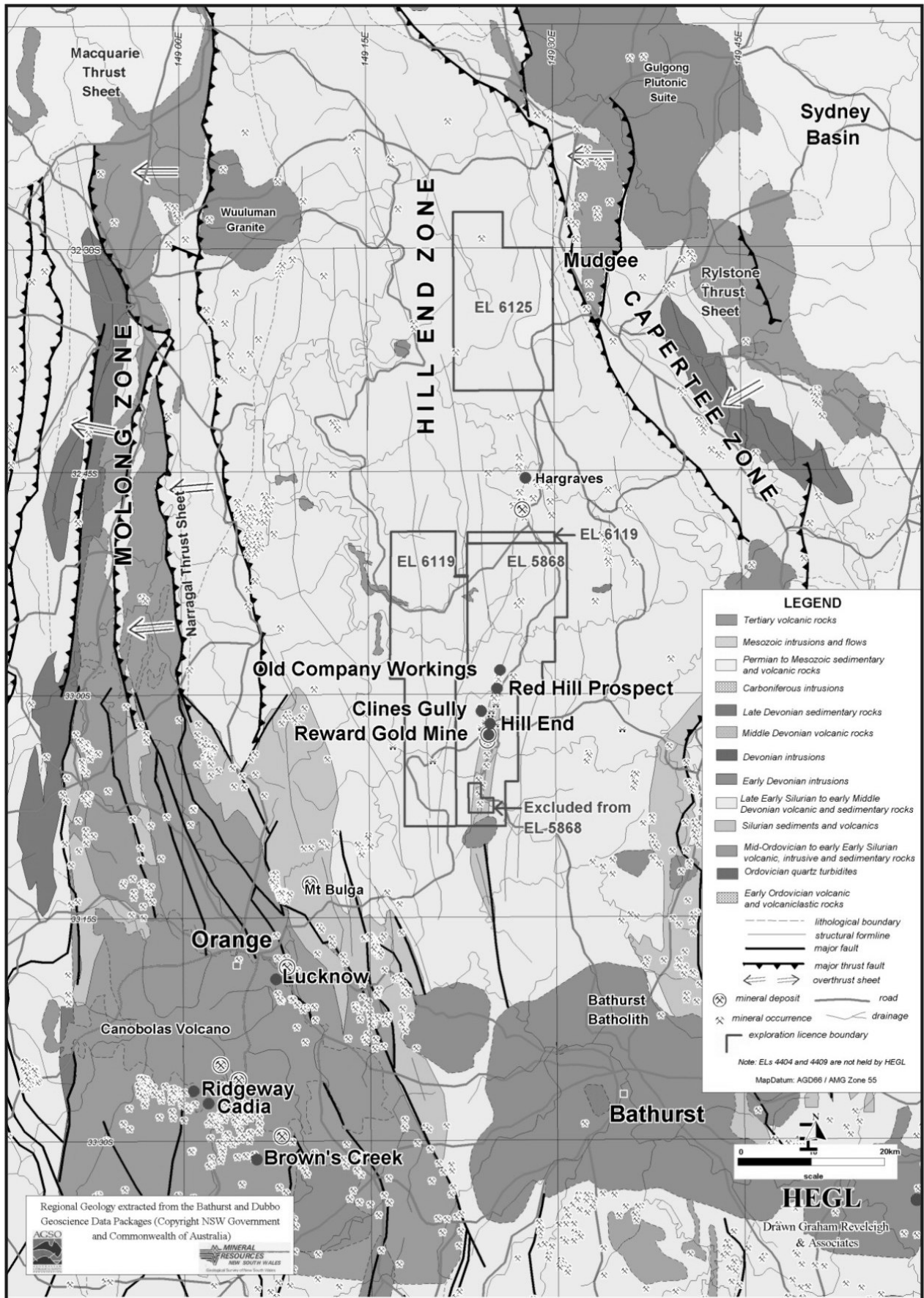
ASX Code : HEG
HEGO

Exploration drilling to commence for shallow oxide mineralisation

- Successful surface exploration has located a number of extensive zones of shallow oxide gold mineralisation which are to be drilled to determine their extent, and delineate resources.
- A staged diamond drilling and reverse circulation drilling program of up to 4000 metres is planned to commence over the Red Hill – Old Company area, the Clines Gully prospect and a number of other prospects during January 2004. This program is expected to be followed by an additional resource drilling program and engineering studies which are expected to be completed for a development decision by mid-2004.
- The Red Hill – Old Company structural zone is approximately three kilometres in strike and 50 to 100 metres in width. Deep weathering to a depth of 70 metres and gently undulating topography is ideal for open pit development.
- The shallow oxide prospect areas have been identified by surface mapping and sampling over the extensive old high grade gold workings. In addition, reverse circulation drilling by BHP in the southern end of the Red Hill area in 1989 intersected mineralisation of up to 2g/t over 20 metres width and surface channel sampling of 0.65g/t over 50 metres across strike. Previously announced surface rock chip sampling by HEG returned quartz vein assays of up to 40 g/t on hitherto untested stockworks near the centre of the Red Hill – Old Company area.
- The Clines Gully prospect is in a zone of bedding veins intersected by multiple mineralised structures. The initial prospect area is approximately 300 metres in strike length and 50 metres wide and is open along strike and downdip.
- Shallow oxide ore would be treated in a separate plant to the planned high grade ore treatment plant which is to be located at the Amalgamated adit for the Reward Gold Mine.
- Underground development of the Reward Gold Mine continues as planned with the stripping of the Amalgamated level advancing well, and procurement of equipment being negotiated in readiness for the first gold pour in March 2004.

*Graham Reveleigh
Managing Director
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Attached: - Hill End Regional Geology and Tenements



HILL END REGIONAL GEOLOGY AND TENEMENTS