



ACN 072 692 365

Drilling update

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ASX Code : HEG, HEGO, HEGOA

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## RC drilling programs at the Hargraves and Red Hill Projects test open pit potential

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Reverse circulation drilling programs totalling 3,100m are underway to continue the assessment of the shallow open pit potential at the Hargraves and the Red Hill Projects.

The wholly owned Hargraves Project is located approximately 35km north of Hill End, New South Wales. An initial combined Inferred and Indicated Resource of 1,439,000 tonnes averaging 5.1g/t gold (234,400 contained ounces of gold) was announced in October 2010 for the Big Nugget Hill Deposit. This estimate relates only to an 800m portion of the Big Nugget Hill Deposit to a depth of approximately 200m.

Previous drilling of the Big Nugget Hill Deposit in the vicinity of the 9000N section (see Figure) returned several shallow high grade intersections:-

- 672.5 g/t Au over 0.8m downhole at a depth of 40.6m
- 694.5 g/t Au over 0.3m downhole at a depth of 48.8m
- 132.8 g/t Au over 0.2m downhole at a depth of 38.0m

A 37 hole reverse circulation drilling program totalling approximately 2,000m has recently been completed to a depth of 55m covering some 500m of the Deposit's trend adjacent to the 9000N section to follow up these very high grade shallow intersections. Encouragingly, geological logging indicates several holes contain visible gold mineralisation in the targeted zone. Assay results are awaited.

At the Red Hill project, which is located approximately 5km north of Hill End, an 18 hole reverse circulation drilling program of 1,100m has recently commenced. Hill End Gold owns a minimum of 85% of the Red Hill Project, which has an initial Inferred Resource estimate of 849,300 tonnes averaging 3.3g/t gold (89,200 contained ounces) as announced in June 2008. The program is also targeting shallow open pit potential. Results are expected to be released in the June Quarterly Report due in July.

Further drilling is planned to extend the near surface potential of both projects.

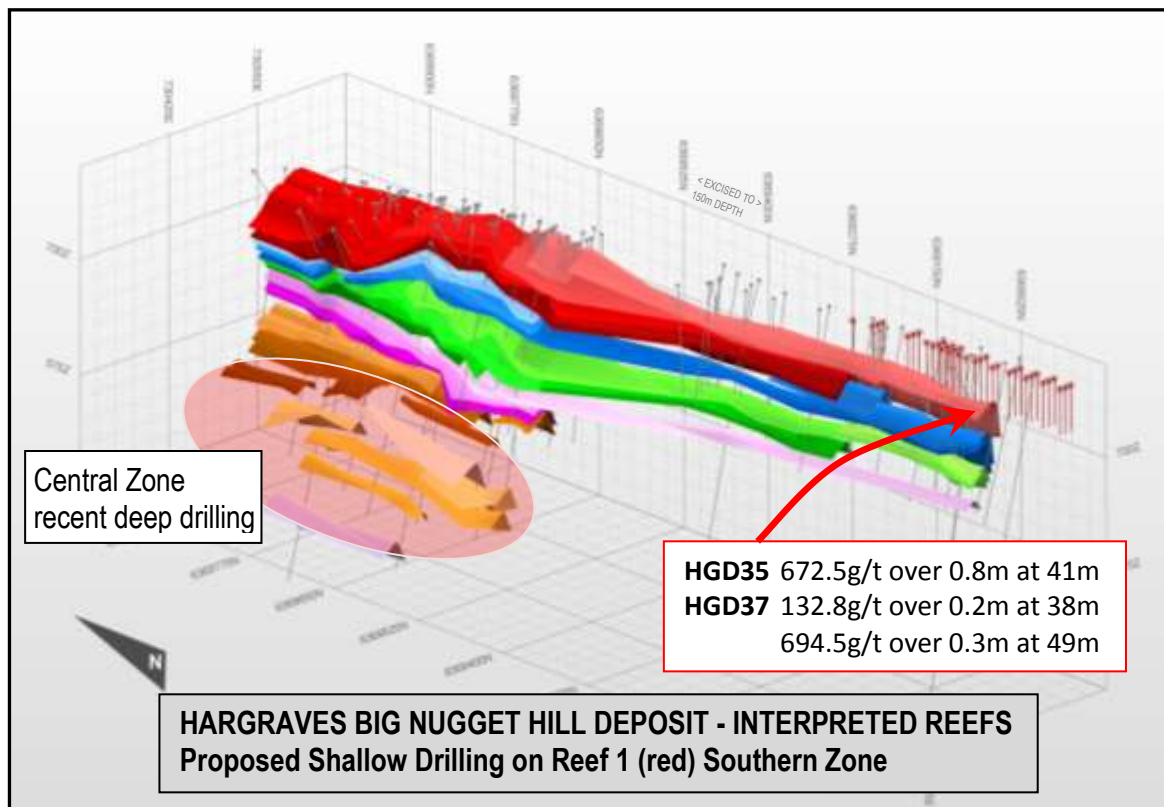
Managing Director Philip Bruce said, "The drilling program of over 3,000m, utilising RC drilling as opposed to the more expensive diamond drilling technique, demonstrates the strict financial discipline which we are applying to our projects. I look forward to providing you the results of this already promising drilling program as they come to hand."

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Hill End Gold Limited (ASX.HEG) has a clear focus on increasing resources and moving to significant gold production.

The HEG development strategy for the combined Hargraves and Hill End Gold Projects is to increase mineral resources to over one million ounces and to commence profitable production.

The Hargraves and Hill End Project tenements cover 860 square kilometres between Bathurst and Mudgee in New South Wales, Australia and include the three historic goldfields of Hill End, Hargraves and Windeyer, which are located within a radius of 35 kilometres.

During this past year, exploration programs have significantly uplifted resources, for the combined Hargraves and Hill End Projects, to 570,400 ounces through a 12,000m surface diamond drill program at Hargraves, and 6,900m of underground diamond drilling at Hill End, as well as the Reward underground development project, which mined 35,000 tonnes at 11g/t.

The initial resource estimate for the Big Nugget Hill deposit at Hargraves was recently completed and totals 1.44mt at 5.1g/t containing 234,400 ounces to a depth of about 200m below surface.

At both Hargraves and Hill End there are numerous gold prospects in multiple parallel mineralised structures with evidence of significant previous production that are to be explored.

The Company holds a minimum 85% beneficial interest in the Mining Leases in the Hill End area and the area formerly subject to Exploration Licence 2037, which is now part of Exploration Licence 5868, and holds a 100% interest in other tenements. Other less advanced exploration projects are located in southern NSW and Laos.

#### **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 employee of the company. Mr Bruce is a Fellow of the Australasian Institute of Mining and Metallurgy and 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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