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**Initial resource estimate for Reward of 130,000 ounces of gold 21 June 2006**

**ASX Code: HEG  
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Hill End Gold Limited is pleased to announce a mineral resource estimate for the Reward area at its Hill End gold project in New South Wales, Australia. This follows some four years of historical research, geological data collection and modeling, preliminary underground exploration and diamond drilling.

The Inferred Mineral Resource estimate is for a part of the Steven's, Paxton's, Mica and Phillipson's vein sets in the Reward area at **680,000 tonnes at 6 g/t Au for 130,000 ounces of gold**. The work undertaken for this resource estimate has provided a deeper understanding of the gold mineralisation controls and has greatly enhanced the exploration focus. The estimate will lead to a Scoping Study for the future recommencement of underground development at Reward.

Successful diamond drilling has shown that the gold mineralisation in the Hawkins Hill - Reward mine sequence is more extensive and more continuous than previously anticipated so that the original target area has been expanded. The vein sets are stacked in an en-echelon array within the structurally controlled mineralised corridor, and additional stacked veins with gold mineralisation are expected to be found at depth and along strike.

Visible gold is reported in many of the recent drill intersections at Reward. This coarse gold mineralisation is typical of many mesothermal vein systems including those seen in Bendigo and Ballarat (Australia), Dolgellau (UK), Valdez (Alaska), Mother Lode (USA) and Yellowknife (Canada). Such deposits are known to be challenging to evaluate due to their inherent high-nugget effect. Their gold distribution is generally strongly heterogeneous and structurally controlled, and as a result, ore reserves are best defined with bulk sampling.

It is generally understood that diamond drilling assay results for coarse gold-bearing veins can understate the true grade by potentially 50% or more. Deposits similar to Hawkins Hill and Reward, such as the Central Victorian Bendigo and Ballarat reefs have seen significant upgrade factors determined for diamond drill core assays by correlating drillhole results with proximal bulk samples taken from ore development.

The Reward area resource estimate is reported in accordance with the 2004 JORC Code and is classified as an Inferred Mineral Resource. The estimate is based on diamond drilling in an area of approximately 300 metres along strike by 100 metres width to a maximum depth of 300 metres below surface. The average width of the vein sets is 3.3 metres and the dip length is approximately 50 metres. All of the vein sets are open along strike and some appear to be open both up and/or down dip.

### HILL END REWARD AREA GOLD RESOURCE

| INFERRED MINERAL RESOURCES – JUNE 2006 |                                 |                                    |                         |
|--|---------------------------------|------------------------------------|-------------------------|
| Vein Set                               | <sup>(1)</sup> Tonnage (tonnes) | <sup>(2)</sup> Gold Grade (g/t Au) | Contained Gold (ounces) |
| Steven's                               | 230,000                         | 3                                  | 23,000                  |
| Paxton's                               | 65,000                          | 7                                  | 13,500                  |
| Mica                                   | 215,000                         | 7                                  | 48,500                  |
| Phillipson's                           | 170,000                         | 8                                  | 45,000                  |
| <b>TOTAL</b>                           | <b>680,000</b>                  | <b>6</b>                           | <b>130,000</b>          |

<sup>(1)</sup>Tonnage figures are rounded to the nearest 5,000 tonnes.

<sup>(2)</sup>Global grade figure is rounded to the nearest whole g/t Au.

The Reward resource has been classified as Inferred which is of a lower confidence than the Indicated or Measured categories. Whilst the drill hole spacing is close enough to confirm geological continuity it does not permit the resolution of small scale geological and grade variation. A high level of assumption was made for the grade continuity between drill holes and this is consistent with the definition for the Inferred category. The extensive workings and records of historical mining in high grade mineralisation at Hawkins Hill and Reward support this assumption.

The estimate is based on mostly HQ3 diamond drill core with high core recovery and screen fire assays of half core. Industry accepted QA/QC methods for coarse gold sampling and assaying are used so that samples submitted to the ALS Chemex Laboratory (Bathurst, NSW) are consistent, and that results reflect the gold content as accurately as possible given the presence of coarse gold particles.

Geological interpretation of the individual vein sets on cross section, plan and long section was used to construct a three-dimensional wireframe around each vein set based upon a nominal assay cut-off value of 1.25 gram metres Au\*.

The resource tonnage and grade was estimated by block modelling using Micromine software. Gold grade was estimated using inverse distance squared interpolation in blocks measuring 10 metres along strike, 2.5 metres down dip and 1 metre in width within the geological wireframe and only samples within each vein set wireframe were used to estimate the block grade. Within the block modelling no top-cut or cut-off grades were applied so grades are reported as global grades for each vein set.

\* Projected horizontal length of intersection times weighted average gold grade in grams per tonne.

A bulk density of 2.7 t/m<sup>3</sup> was used for the Reward vein sets, except for Phillipson's with a bulk density of 2.8 t/m<sup>3</sup>: all based on laboratory determinations from drillcore.

The mineralogy of the Hill End gold mineralisation is relatively simple with most gold being of high fineness and hosted within quartz veins with low sulphide content. Preliminary metallurgical testing indicates that the gold is coarse and free milling with a high proportion being recoverable using gravity techniques.

This resource estimate has been carried out in consultation with Dr Simon Dominy of Snowden Mining Industry Consultants Ltd. Dr Dominy has extensive international experience in the evaluation of high-nugget effect gold veins. It is expected that Snowdens will shortly undertake a Scoping Study for the recommencement of underground development at Reward. The planned development would aim to expose and bulk sample the veins to enable the better definition of likely mineable grade. Further mineral resources and ore reserves will be evaluated at this stage to form the basis for a Pre-Feasibility Study.

A detailed summary of the Reward area resource estimate and how it was compiled will appear on the Hill End website ([www.hillendgold.com.au](http://www.hillendgold.com.au)) in the near future.

Drilling will recommence at Reward during July 2006 with 2,000 metres of diamond drilling planned in six holes. It is expected that this program will extend each vein set along strike and down dip, test for en-echelon repeat vein sets, and further enhance the robustness of the geological model. Additional drilling is planned for the Germantown area.

Near surface gold mineralisation has also been drilled in the Red Hill area which is approximately five kilometres to north along strike from the Reward area in a similar geological setting. Reverse circulation drilling has previously delineated Indicated and Inferred Mineral Resources totalling 27,000 ounces within a zone 800 metres long and 50 metres wide. Further diamond drilling and reverse circulation drilling assay results, from a recent program of drilling, are being received and processed, and will be incorporated into a new resource estimate for the Red Hill area.

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mike Quayle who is a Member of The Australian Institute of Geoscientists. Mr Quayle is a full-time geological contractor for the company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Quayle consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

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Attached : Long Section - Reward Area Resource and High Grade Target Zones

# HAWKINS HILL to GERMANTOWN REWARD AREA RESOURCE & HIGH GRADE TARGET ZONES

