
Mining to target high grade Reward area

26 February 2007

ASX Code : HEG, HEGOA

Mining from the Hawkins Hill workings to the high grade Paxton's and Steven's vein sets in the Reward area is planned to commence during April 2007.

Gold processing with the gravity plant is expected at the end of June 2007 to test mineralised development material, while driving 450 metres in the Amalgamated North Drive to the new Exhibition Shaft position. Trial mining and processing of the Paxton's and Steven's vein sets is expected by October 2007 after equipping the new shaft and intermediate driving on two levels.

The central Paxton's veins, in the core portion of the high grade zone, average 72g/tAu with an average true width of 0.8 metre over a strike length of 180 metres. The mineralised Paxton's vein set can broaden up to 20 metres into the hanging wall to encompass the parallel Steven's vein set and there are other parallel vein sets such as Phillipson's, Mica and Amalgamated which will be tested by underground drilling or sampling.

The schedule for the trial mining and processing of the Hawkins Hill to Reward development and the high grade Reward vein sets is attached. The mining contract is being finalised with Mancala Pty Ltd, a well regarded mining contractor based in Victoria and the processing plant is to be refurbished and recommissioned by Gekko Systems Ltd, also of Victoria.

The proposed program is to continue the Amalgamated level development from Hawkins Hill for approximately 450 metres to the Reward area and put in a 240 metre raise bore hole from the Amalgamated level to surface. The raise bore hole will be fitted with shaft equipment to provide access to the Paxton's and Steven's high grade vein sets at 190 metres and 140 metres below surface. Cross cuts to the vein sets at these levels and a total of 200 metres of drive development on the vein sets is planned. The material sampled from the vein sets will be dropped to the Amalgamated level and hauled to the Amalgamated plant for processing.

The trial mining may lead to the development of the Reward underground project as a small, though profitable, high grade operation. Following bulk sampling, the Reward high grade area target potential is expected to be of the order of 100,000 tonnes at 20 – 30g/t.

In addition, the Red Hill project area is being drilled to extend resources as an open pit project, which may be worked together with the Reward project and processed through a combined plant located in the Red Hill area.

Reward area assays are pending from SGS for HHD32 and portions of holes HHD30 and HHD31.

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Attribution

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Philip Bruce. Mr Bruce is Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bruce 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' (The JORC Code). Mr Bruce consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Yours faithfully

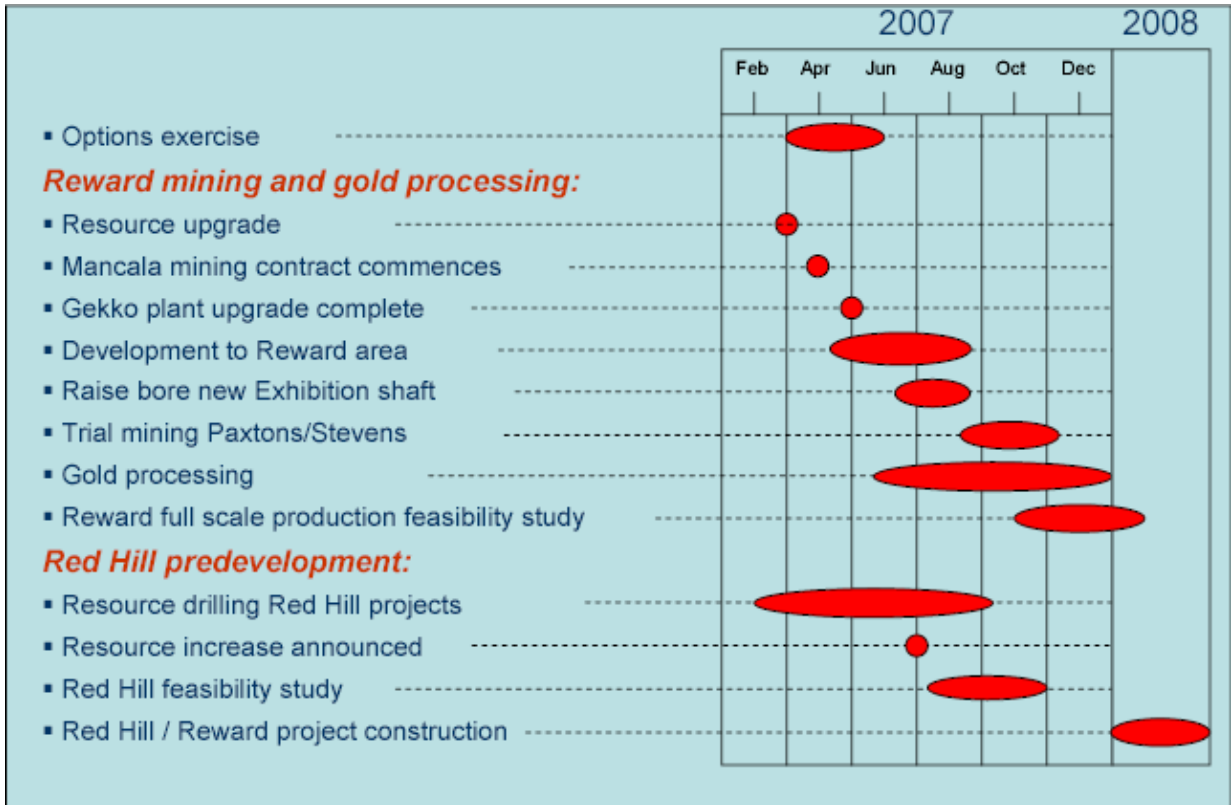
A handwritten signature in black ink, appearing to read 'Bruce', written over a horizontal line.

Philip Bruce
Managing Director

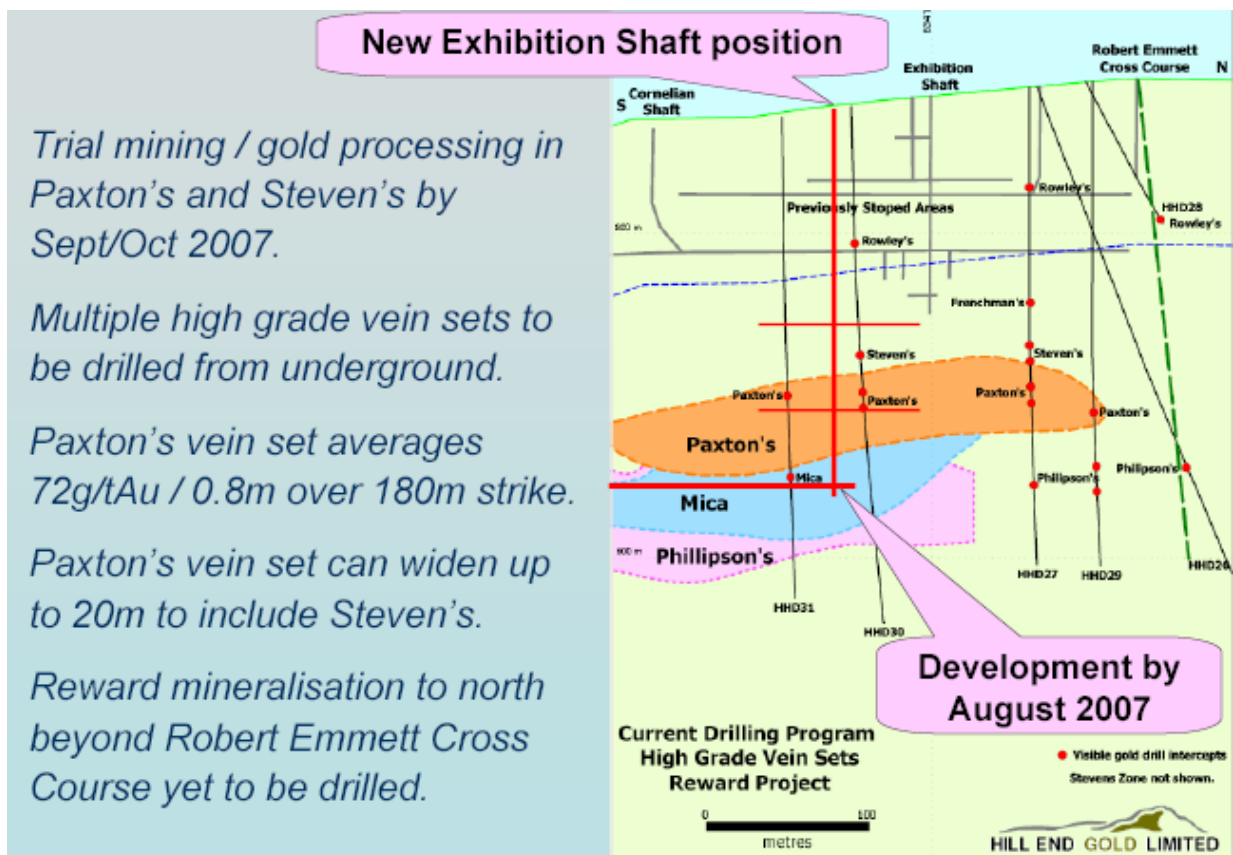
Attached:

- Reward and Red Hill pre-development schedule.
- New development at Reward.

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Reward and Red Hill pre-development schedule



New development at Reward