



ACN 072 692 365

Progress Report - Hill End

16 July 2007

ASX Code : HEG, HEGO

Reward Gold Mine

Tunnelling on the Amalgamated level for access to the Reward bulk sampling area is ahead of schedule and the old Star of Peace shaft has been re-opened for ventilation. The main exhaust fan has now been moved in 500 metres from the Amalgamated portal to the Star of Peace shaft position.

The Amalgamated north drive to Reward is being developed along the Phillipson's vein set, which has the Cornelian high grade target approximately 250 metres in front of the current face position. Over the coming weeks, the drive will also intersect the Herman's cross course and the Mathewson's cross course, both of which were associated with bonanza grades in the workings above.

Strong mineralisation has already been encountered in the north drive and in the cross cut to the Star of Peace shaft. Visible gold has been observed in the Phillipson's footwall vein, and the Mica and Star of Peace footwall veins are particularly well mineralised, with assays awaited. Sampling of the Phillipson's footwall vein has produced assays of up to 39.4g/t Au, and the West veins up to 9.3g/tAu, over a few centimetres width.

A mini-bulk sampling facility is being established on site for gold recovery from small development samples to provide a qualitative assessment of the vein sets as development proceeds.

Diamond drilling

The next phase of diamond drilling at the Hill End Project is due to commence in the next few weeks. This 4,000 metre program will include drilling of the Reward zone along strike to the north in the Scandinavian area and further to the north in Germantown. Together with the current bulk sampling campaign, this program is to confirm the tenor of mineralisation in the Reward extension area as similar to Hawkins Hill and to identify the Reward area potential scope and the centre of gravity of the deposit for design and planning purposes.

The drilling program will test Red Hill at depth in preparation for bulk sampling planning, and will include the first diamond drilling along strike to the north of Red Hill in the Valentine's and Emily areas. The objective for Red Hill area drilling is to establish a strike and depth potential for mineralisation to be followed by a mining licence application over Red Hill.

The program also includes the first diamond drilling at prospects such as Bear Gully, South Star, Kings Line, Clines Gully and to the south of Hawkins Hill under the Foster's workings.

Attached : Foster's to Germantown longsection

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HILL END PROJECT REWARD EXPLORATION POTENTIAL

