



HILL END GOLD LIMITED

ACN 072 692 365

Report for December 2008 Quarter

30 January 2009

ASX Code : HEG, HEGOB

Hill End Project, NSW

Reward

- *Gold production increases to 1202 ounces for the quarter from 1772 tonnes at 24 g/t gold and plant gold recovery to over 95% after ball mill installation.*
- *High grade Paxton's development on four levels from Reward Shaft with individual Paxton's vein grades on 695 level up to 5000g/t over 0.2m*
- *Paxton's stoping to commence during next quarter.*
- *Historical 'Indicator' fault structure, associated with very high grade and wide zones at Hawkins Hill - Reward, is intersected in Paxton's and M2 development.*
- *'Indicator' fault, now observed over a strike distance of a kilometre, provides specific targetting of high grade potential zones.*
- *Frenchman's target immediately above current workings with an historical bulk sample of 1500 tonnes at 20g/t in unmined 9m wide zone.*
- *Plant operating hours increasing to 24 hour / 7 day basis in coming quarter.*

Hargraves

- *BNH deposit mining licence application preparation underway.*
- *Scoping study under preparation for nominal 10mt deposit at 4g/t in 40m wide zone of 500m strike and 400m depth from surface.*

Lak Sao, Laos

- *Lak Sao Mineral Reconnaissance and Exploration Agreement (MREA) pending.*
- *Additional near-production JV projects under review.*

Sale of 99.99% Hill End Gold investment bars

- *Finalisation of the arrangements for 99.99% gold investment bars from Hill End gold is expected early in the next quarter.*

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SUMMARY

Production from the Hill End Project has increased with the opening up of the Paxton's vein set on four levels from the Reward Shaft and the installation of the ball mill in the Amalgamated plant. Total gold produced was 1202 ounces from 1772 tonnes at 24g/t gold with 675 tonnes at a feed grade of 31g/t gold processed in December.

The plant has operated at up to 6-7 tonnes per hour however a more consistent 4-5 tonnes per hour over a longer operating time is targeted. During the next quarter the plant operating time is being increased to a 24 hour / 7 day basis and stoping will commence from the Paxton's vein set.

The Reward shaft waste pass will be completed to the top 780 level to connect all ten levels and to access the bottom main level of the old workings. Dewatering of the Exhibition shaft will be done to prepare for the opening of the Frenchman's vein set which has been mined up to 24 metres wide and has reportedly been bulk sampled at the 730 level over a nine metre width at approximately 20 g/t plus 1 metre at several ounces.

Since the Paxton's main vein in the Reward area has been successfully mined by level development and rising, a mining plan for stoping the Paxton's is being prepared.

A total of 53.5 metres were drilled underground during the quarter.

An updated resource estimate totalling 175,400 ounces gold has been completed for the Reward and Red Hill areas and published in the 2008 Annual Report.

A preliminary Exploration Potential estimate for the Hargraves drilling on the BNH deposit to date is between 900,000 – 1,400,000 tonnes at a grade of between 6 – 9 g/t gold for a range of 220,000 – 325,000 ounces. An initial resource estimate for the Hargraves Big Nugget Hill deposit is underway.

The Mineral Reconnaissance and Exploration Agreement application for the Lak Sao Project in Laos is currently pending and Hill End Gold is reviewing near-term development joint ventures on advanced projects.

Preparations are being finalised for 99.99% gold investment bars of various weights to be made available for shareholders and the public. The initial run of approximately 500 ounces is expected to be ready early in the next quarter with shareholders getting priority.

HILL END PROJECT

The Hill End Project includes tenements covering the Hill End, Hargraves and Windeyer goldfields. Total gold output from these tenements of over two million ounces of gold came from surface and shallow underground workings during the nineteenth century. The majority of past hard rock production came from high grade deposits such as at Big Nugget Hill, Red Hill, Reward and, Hawkins Hill which yielded over 400,000 ounces of gold from a strike length of approximately 400 metres, averaging about 10 ounces per tonne.

Gold production has commenced at the Reward area with underground development and processing through the gravity gold plant located at the Amalgamated site. Underground development is outlining the extent of the economic resources and processing is confirming block grades while producing gold on a small scale basis. The initial targets are the high grade M2 and Paxton's vein sets where continuity of the high grade zones has been confirmed, and both mining and processing characteristics are excellent. The project commenced as a batch mining/processing exercise to prove the geological model for the deposit and has successfully been increased in scope to operate continuously.

Drilling at Hargraves has outlined a large deposit at BNH which is under review as a 10 million tonne project at a grade of 4g/t gold and may be suitable for bulk underground mining. The current mid-point Exploration Potential of the Hargraves BNH deposit which has been

drilled over 500m strike x 400m depth x 40m wide is approximately one million tonnes at 7.7g/t gold. Further drilling and studies are necessary to confirm these figures.

HAWKINS HILL – REWARD

General

During the quarter a total of 396.3 metres of underground development were advanced and the initial bench stoping on the M2 in the Cornelian area was completed. Development included the ore drives in the Paxton's main vein on Reward levels 671, 683 and 695 and ore rises which were developed on each of the Paxton's drives at 10 metre intervals in the ore zone.

Underground diamond drilling commenced with the purchased Bazooka rig and totalled 53.5 metres for three drill holes, which tested the M2 mineralisation beneath the southern end of the trench stoping at 1375N.

Two holes were drilled on section 1378N to test three and six metres below the bottom of the M2 trench, and a further hole was drilled to the southwest to intersect the target zone a further five metres to the south. The M2 had been expected to continue below the 640 Amalgamated level, as indicated by previous high grade drill intersections, and the objective of this drilling program was to test for continuity of the high grade gold zone below and to the south of the initial M2 stope.

The drilling intersected a steeply west dipping reverse fault which had been observed in nearby workings, and which appears to be responsible for thinning and displacing the veins. While the fault appears to be post-mineralisation and its displacement is less than a metre, it is closely associated with a 'tan' coloured alteration, which may produce a limited barren zone and a zone of enrichment peripheral to the barren zone. The barren zone is interpreted to be perhaps five metres in vertical extent and the high grade M2 is interpreted to continue beneath it.

This 'indicator' fault has now been correlated as the same fault which transects the very high grade Paxton's vein set in the Reward area and in the surface drill holes throughout the Reward area. It has now been observed over a strike length of 400 metres and in close association with very high grade mineralisation in the Paxton's and M2 vein sets, and the same fault is interpreted to be associated with very high, and wide, mineralisation previously mined in the Frenchman's and, perhaps, the old Hawkins Hill bonanza grade mineralisation.

The west – vertical dipping mineralised corridor we have noted to host the high grade zone of mineralisation in the Hawkins Hill - Reward deposit may be related to the trace of the Indicator Fault and where the rocks are more graphitic and slaty, then more gold has been deposited, particularly in proximity to the 'indicator' fault itself.

Studies continue to investigate the targetting of the very high grade zones along the Indicator Fault, and the potential for extensive zones of high grade mineralisation in areas not yet explored.

The plant throughput has improved up to 6-7 tonnes per hour and during December the daily average was approximately 40 tonnes per day. Plant availability is continuing to improve through reduced downtime and extending operating hours. The aim is to increase the plant capacity up to 2000 tonnes per month over the coming quarter.

Gold recovery has improved from 80% to over 95% since the commissioning of the ball mill in early December, as has reliable flow through the tailings line.

Total gold production for the quarter was 1202 ounces from 1772 tonnes at a feed grade of 24g/t gold.

The current mining and processing exercise is aimed at confirming the high grade continuity and tenor of the Reward high grade vein sets, to provide data for the continuing Reward area resource updates and to establish the economic scope of the Hawkins Hill / Reward area

mine development as a large moderate grade project or small high grade project. The resource upgrade has commenced for the Reward area is expected during the coming quarter.

A number of additional potential ore sources are under consideration for development in the near future, such as above Amalgamated level: Hawkins Hill 'window', Patriarch 'window' and all the mineralised vein sets to the south of the adit position, below the Amalgamated level: Cornelian area M2, and in the Reward area: the Frenchman's vein set below the old workings.

Reward Development

707 RL

A total of 36 metres of crosscut development from the Reward shaft to the Paxton's veins was completed. The crosscut is being extended a further 50 metres to the Steven's and Frenchman's vein sets.

695 RL

Crosscut development along 1555N and a southeast bypass drive from the Middle vein to the Paxton veinset were completed during the quarter for a total of 51.6 metres. The crosscut was later extended from the Paxton's main vein to the Steven's vein set.

The north drive along the mineralised Paxton's main vein starting from 1555N was extended to 1582N and went through very high grade ore up to four ounces per tonne. Assay results from vein samples returned a composite grade of 33.2g/t gold over a 70 metre strike length for 592 tonnes.

At approximately 1575N, the drive followed the Indicator Fault in a crush zone roughly 10 metres long, which breaks up the veins and displaces the main Paxton's vein to the west. Grades through the fault crush zone abruptly drop off then to pick up again in the displaced Paxton's vein.

Interpretation and mapping of the Indicator Fault traces this fault complex from the 695L to the 683 level across the three southern-most rises and continuing down the 683 south drive, cutting across the Middle vein on the 671L and intersecting the M2 vein on the 640L at 1300N and below the level at the base of the trench. A spatial relationship between the Indicator Fault and high grade mineralisation is currently under investigation.

Development to the south of 1555N along the Paxton's main vein was carried out in high grade mineralisation to 1533N and extended to 1515N in lower grade material.

Rises approximately eight metres high were started during the quarter along the Paxton's main vein at 1565N, 1575N and 1585N.

Production from Paxton's 695L for the quarter totalled 592 tonnes at 33.2g/t gold, including 318 tonnes at 59.7g/t gold.

683 RL

Development continued along the Paxton veins from 1569N to 1626N to the north, and to the south from 1545N to 1531N. High grade ore in excess of two ounces per ton across the face was encountered to 1587N. Grades after 1622N declined and the heading was stopped temporarily at 1626N, coincident with the 1600N rise breakthrough to 695L, and with the 695L north drive carrying higher grade then production from 695L became the priority.

High grade assays in the underground sampling of the face of 683L north drive from 1555N include 254.2g/t gold over 0.15m, 380.7g/t, 482.9g/t and 411.9g/t. High grade results continue beyond the 1600N position with 306.8g/t over a similar vein width.

In the 683L south drive the assay returns have included 323.3g/t gold and ranged between 57.5g/t and 79.8g/t over a 0.18m vein width.

Three rises were driven on Paxton's from 683L towards 695L at 1565N, 1575N and 1585N. These were put up to test the grades of the ore body between the levels 683 and 695 and thus help to understand the dimensions of the high grade gold chutes. Visible gold was observed in each of these rises which provided high grade mill feed.

In addition to the gold observed in each of these three rises, the Indicator Fault was observed in each of them. This is a reverse fault which displaces the vein and country rock to the east (to the hanging wall side) above the fault. It also appears to be responsible for thinning the vein and potentially creates barren zones that could be up to five metres in vertical extent.

671 RL

Development on the 671 level was active in the month of October, with progress made along the Paxton's main vein from 1582N to 1603N in low to medium grade material.

Rises were completed at 1565N, 1575N, 1585N and 1600N to an average height of eight metres each and encountered high grades along the Paxton vein up to 983 g/t gold, despite the 671L north having low to medium grade throughout. The 1565N rise had an average full face (1.1m width) value over the whole rise of 24.9g/t and the 1575N rise returned values ranging from 11.1g/t to 143.1g/t and a full face grade for the rise of 58.5g/t.

640 RL

On the Amalgamated level the development of the trenching on the M2 from 1430N to 1450N continued with nine cuts being taken and this material being supplied to the plant.

Exploration rises on the M2 vein from the 640 level at 1275N and 1300N were bored, mapped and sampled and yielded results which indicate the extension of the high grade M2 above the level.

New Patriarch wide zone

The new Patriarch wide zone comprises the Central group of veins (including the M1-M2-Star of Peace-Middle-Paxton's vein sets). This zone occurs about 15 metres above the Amalgamated level as intersected in underground diamond drill hole HHUG09, which returned a total intersection of 4.1g/t gold over 17.3 metres (true width) at 1250N.

HHUG12, located 50 metres to the north of HHUG09, intersected a similar vein distribution averaging 0.64g/tAu over 17.4 metres (true width).

Two rises along the M2 of 16 - 18 metres in length were completed at 1280N and 1300N. The southern rise yielded 3.6g/t gold (diluted over a 1.1m stoping width) over an 8 metre height from the roof of the drive and the northern rise returned a grade of 10.7g/t gold (diluted) over a 13 metre height from the roof of the drive.

The vein in this position is proximal to the indicator fault and is fractured and oxidised and the visible gold is coarse grained and crystalline and up to 2mm in size. This is atypical of the normal gold/vein morphology and might indicate gold recrystallisation.

A cross cut rise is planned at 1290N to bulk sample the potential wide zone is yet to be developed.

Frenchman's vein set

The Frenchman's vein set has been previously mined to 100 metres below surface (780L) in widths reported to be up to 24 metres and grades up to 32 ounces per tonne.

Up to about 1920 the reported production from the Frenchman's vein set was approximately 200,000 tonnes at 16g/t gold over a 400 metre strike length from surface down to 780L. Sampling below this level in the Exhibition shaft at the 1600N position early in the last century gave results of 9 metres width at 20g/t gold at 730L and 4 metres width at 26g/t gold at 752L. These wide intersections are immediately above our current Paxton's workings.

Access to the Frenchman's will be through the 780 level for dewatering and ventilation and from the 730L from the Reward shaft to access the base of the known wide zone. The 707L 1555N crosscut is also being developed to the Frenchman's position, a rise will be put up 25 metres up the Frenchman's and drives will be developed along the Frenchman's on 707L.

Hawkins Hill - Reward underground diamond drilling

The recently purchased small underground diamond drilling rig, drilling LTK48 core, has completed three drill holes (HHUG23, HHUG24 and HHUG25) for a total of 53.5 metres.

These holes were drilled from the stockpile cuddy at the south end of the M2 1375 trench. Remarkable grades, up to 299.8g/tAu (diluted over a 1.1m width), came from the floor of the M2 drive, however the grade and thickness of the M2 vein in the floor of the trench three metres below the level were diminished to 5-8cms in thickness and 0.5-2.5g/t gold (diluted basis).

The objective of the M2 drilling below the bench stope was to test for continuation of potential ore below and to the south of the high grade shoot in the drive. Two holes were drilled on section 1378 north to test three and six metres below the trench, and a further hole was skewed to the south to intersect the target zone a further five metres to the south.

All holes intersected M1 typically a 7cm laminated vein with abundant pyrrhotite and minor visible gold associated with, 2 to 4 spur veins 2cm thick over a 1.5m interval. M2 is missing, fault displaced, in the upper two holes but comprised an encouraging 10cm vein with trace sphalerite, chalcopyrite and pyrite in the lower hole.

This fault which can be traced through several cross cuts, appears to be responsible for the thinning and displacing veins, with the hangingwall block thrust to the east over the footwall block. The displacement is perhaps less than one metre, (upper block to the east), but may produce a barren zone perhaps five metres in vertical extent.

This result is encouraging as it explains the low grade in the base of the trench and indicates that mineralisation continues below the fault.

HHUG12 was drilled to test the Mica to Paxton's zone in the Patriarch - Cornelian area above the 640 level. M1, M2 & M3 returned 3.8g/t gold, 30.7g/t gold and 11.1g/t gold over a 0.07, 0.22 and 0.21m drill width respectively and Star of Peace, Middle and Paxton's vein returned 2.7g/t gold, 8.1g/t gold and 7.5g/t gold over a drill width of 0.06, 0.16 & 0.1m. The zone from the M1 to the Middle vein averages 0.64g/t gold over a 20 metre horizontal width.

HHUG18 was drilled from 1020N below the 640 level under the old Hawkins Hill workings to test the vein sets from Phillipson's through to Paxton's and beyond. The hole ended at 85 metres in the hanging wall of the Paxton's in the greywacke rib. The assay results from this hole are low with the highest grade returned being 9.03g/t gold across 9cm for the Phillipson's vein at 33 metres down hole. The Mica vein returned 2.7g/t across 8cm at 44.5m down hole. Note an 8cm Paxton's vein at 67.9m downhole with visible gold assayed at 0.14g/t gold.

HHUG19 and HHUG20 were both drilled from the 1649N cross cut under the new Reward workings to test the Middle to Mica veins sets above and below the 640 level. The Mica zone in HHUG19 is disrupted by the Indicator Fault. Multiple veins in HHUG20 above the level returned significant values of 56.5g/t gold over 0.11m, and 8.6g/t over a 0.1m in narrow spur veins footwall to the Middle vein set.

HHUG22 was drilled from the 1600N under the new Reward workings to test the Steven's veins above the 640 level. The Steven's veins were intersected approximately 35 metres up hole grading 21.2 g/t across 6cm with visible gold, 35.1 metres up hole. Unfortunately this hole was stopped prematurely at 39.7m as the barrel became stuck in the hole in the Steven's sequence.

Processing

The Hill End gold production results to end December 2008 are as follows:

Period	Tonnes	Recovered Grade (g/t gold)	Feed Grade (g/t gold)	Estimated Gold Produced (oz)	Operating hours	Tonnes per operating hour
Prior to July 2008	434	24.4	30.9	341		
July 2008	238	33.9	43.9	259	88	2.7
August 2008	289	11.1	13.3	103	92	3.2
September 2008	625	16.2	20.4	326	174	3.6
October 2008	533	19.0	24.2	326	154.3	3.4
November 2008	564	12.9	15.8	233	165.0	3.4
December 2008	675	29.7	30.5	643	185.5	3.5
Total	3358	20.6	24.7	2231	504.8	3.8

Gold is smelted on site and poured as gold bullion and then transported to the refinery. The bars are produced from gravity gold concentrates, which are separately recovered from individual underground working areas and the concentrates included in any particular bar may overlap the month's end.

The total gold pour figures include many small specimen nuggets, which are being prepared for separate marketing, and exclude Knelson leach concentrates.

The commissioning of the ball mill in early December has increased the plant recovery from 80% to over 95%. In addition the finer material now being pumped to tailings has improved the material flow through the tailings pipeline.

The plant has operated at up to 6-7 tonnes per hour however a more consistent 4-5 tonnes per hour over a longer operating time is targeted. The December daily average was near 40 tonnes per day and during the next quarter the plant operating time is being increased to a 24 hour / 7 day basis.

Further optimisation of plant throughput and operating time is expected over the coming weeks.

Gold bars poured to date (30 January 2009) are as follows:

Bar number	Bullion Weight (oz)	Mint Outturn (fine oz)	Gold Price Realised (AUD)	Fine ounces per bar	Tonnes	Recovered Grade (g/t)
1 and 2	219.44	204.949	962.08	204.949	192	33.2
3	150.47	]		141.688	237	18.7
4	164.29	296.389	956.14	154.701	94	51.4
5	111.95	]		104.673	233	14.0
6	33.48	]		22.659	-	-
7a and 7b	110.22	]		103.056	239	13.4
8	88.00	312.668	1,075.16	82.280	303	8.4
9	172.84	]		158.000	191	25.7
10	46.55	]		42.548	91	14.5
11	154.15	]		140.910	256	17.1
12	102.14	429.633		88.175	138	19.9
13	149.61	129.944		129.944	348	11.6
14	144.13	123.019		123.019	390	9.8
15	216.83	]		189.553	228	25.9
16	376.44	518.638		329.085	222	46.1
17*	162.58			140.31	255	17.1
18*	134.34			115.93	292	12.3
19*	214.03			184.71	328	17.5
Nuggets	14.67			13.2	-	-
Total	2766.16			2469.39	4037	19.0

* Gold pour mint outturn awaited

Four recent gold pours total 770 fine ounces from 1055 tonnes averaging 23g/t feed grade.

The processed material and nominal feed grades for the four recent gold pours were as follows:

Gold Pour 16

PX 695	165 tonnes at 55g/t gold
PX 683	37 tonnes at 25g/t gold

Gold Pour 17

PX 695	182 tonnes at 18g/t gold
PX 683	13 tonnes at 18g/t gold
Plant cleanup	38 tonnes at 13g/t gold

Gold Pour 18

PX 695	194 tonnes at 15g/t gold
PX 683	84 tonnes at 8g/t gold
Plant cleanup	14 tonnes at 18g/t gold

Gold Pour 19

PX 695	125 tonnes at 41g/t gold
PX 683	70 tonnes at 12g/t gold
M2 1440 stripping	53 tonnes at 6g/t gold
Plant cleanup	80 tonnes at 7g/t gold

SCANDINAVIAN

A total of 1086.4 metres diamond drilling has now been completed in the Scandinavian area.

The program was designed to traverse the northern extensions of the Reward/Hawkins Hill mineralised sequence at a position approximately 500 metres north of previous drilling. The drill holes tested below historical mining activity, which was stopped by water inflow, to identify the location of the mineralised corridor.

Results to date include a 0.13 metre intersection assaying 9.6g/tAu in the Rowley's vein position in SCD01 39 metres downhole and 0.2m at 2.8g/t gold and 0.1m at 4.2g/t gold from SCD01 and SCD03 at 79.3 and 26.9 metres downhole respectively.

This drilling has confirmed the continuity of the Reward vein sets to the north and the presence of visible gold mineralisation.

Detailed interpretations and remaining assays are awaited.

RED HILL

Drilling was not carried out during the quarter. Sampling and core logging is pending.

TAMBAROORA

Drilling was not carried out during the quarter. Sampling and core logging is pending.

GERMANTOWN

No drilling was carried out during the quarter. A further hole is being planned to test for mineralisation at depth within the projected mineralised corridor.

HARGRAVES

The Hargraves Exploration Licence (EL6996) is adjacent to the Hill End tenements to the north and the Big Nugget Hill prospect is located approximately 35 kilometres to the north of the town of Hill End.

The Hargraves tenements contain numerous historical production areas and Big Nugget Hill is the site of Australia's earliest gold reef mining in 1851, when large pieces of gold in quartz, containing up to 1,546 ounces, were discovered in quartz vein outcrops. Rich alluvial deposits were also mined in the nearby Louisa, Daly and Meroo Creeks and many large nuggets were found, with the 'King of Waterworn Nuggets' being the largest at 2,680 ounces of gold.

Previous exploration on the Big Nugget Hill zone of mineralisation has identified strong gold mineralisation over a strike length of 600 metres by drilling, and over 1,500 metres by surface sampling.

The recently completed nineteen-hole diamond drilling program along the north end of the known BNH deposit is the first deep drilling on the deposit since its discovery in 1850. Holes were drilled to approximately 400 metres below surface to test the depth extent of the BNH deposit and all holes assayed to date show a similar pattern of repeating zones of mineralisation continuing undiminished to the bottom of the holes.

HGD09 drilled from west to east on the HGD12 section and graded 4.3g/t gold over 0.3m at 213.2 metres downhole on the east limb of the Florence anticline 27 metres below a 0.03m intersection of 41.4g/t gold in HGD08. This is important as it indicates continuity of mineralisation in the Florence anticline position approximately 75 metres east of the Big Nugget Hill anticline. Minor grades were returned for veins on both the west and east limbs of the BNH anticline and from the syncline between the BNH and Florence anticlines.

HGD15 was drilled immediately east of, and down the BNH anticlinal axis, at 9550 north, close to the Big Nugget Hill shaft, approximately 250 metres south of HGD12. Multiple veins and vein sets were returned an average grade of 0.4g/t gold over a 193.4 metres drill intersection from 72.3 to 265.7 metres. This includes 19.5g/t gold over 0.11m and 25.2g/t gold over 0.14m from about 90 metres downhole, 13g/t gold over 0.6m at 150 metres depth, 35.6g/t gold over 0.6m at 207 metres, 31.7g/t gold over 0.35m and 16.7g/t gold over 0.27m from 260 metres drill depth.

HGD17 drilled from west to east situated 110m north of HGD12 returned results of 9, 6.9 and 36.8g/t gold over 0.2, 0.63 and 0.05m from 10.8, 21.15 and 25.9 metres downhole respectively. These are important results as they occur close to the surface with easy access for potential bulk sampling. These results indicate that the mineralised zones identified in HGD12 down to over 300 metres below surface, have a drill-tested strike length of over 560 metres.

HGD18 was drilled 100 metres to the north of HGD12 again down the axis of the anticline. Three main zones of mineralisation were intersected at approximately 15m, 75m and 200m downhole. The close to surface veins include 17.1g/t gold over 0.22m and 5.7g/t gold over 0.3m between 12 and 15 metres drill depth, a 24 metres zone including 86.2g/t gold over 0.34m, 10.7g/t gold over 0.25m and 43.2g/t gold over 0.13m drill intersected at about 75 metres, and 8.4g/t gold over 0.97m at about 200 metres downhole.

HGD19, drilled 320 metres to the north of HGD12 intersected several zones of mineralised quartz veining. A 123.5 metres down-hole length averaged 0.3g/t gold from 154.5 metres. The most significant intersection is of 17 metres at 1.37g/t gold down hole length from 271 metres, including 0.36 metres at 13g/t gold and 0.3 metres at 16g/t gold. The hole was drilled close to the Big Nugget Hill anticline axis so intersections approximate true width.

This is a significant result as it confirms continuity of the mineralised zones of multiple quartz veining intersected in HGD12 and HGD15 located 320 and 570 metres to the south.

WINDEYER

Hill End Gold holds 100% of Exploration Licence (EL7017) over the Windeyer historic goldfield area, which is adjacent to the Hargraves and Hill End goldfields and is located on a mineralised structure parallel and to the west of the mineralised Hill End Anticline.

Windeyer has a number of historically rich hardrock deposits and during the 19th century rich alluvial deposits were mined in Clarkes Creek, which rises in the Boiga Mountain area: also covered by EL7017.

Very little modern exploration has been done on the Windeyer-Boiga Mountain area.

NSW UNDERCOVER – SWAN HILL

The company has 100% ownership of granted Exploration Licences (EL6905, 6906, 7124, 7125 and 7127) in the Swan Hill area of New South Wales. The Swan Hill area tenements cover the extension of the gold rich Bendigo Zone from Victoria into New South Wales.

FrogTech have completed a geophysical report of the Swan Hill tenement area which indicates many targets of a shallow depth to basement for field follow up.

Initial field investigation of the tenements has been undertaken and a gravity survey is planned over a significant geophysical anomaly in the Tullakool area.

LAOS

The Lak Sao Project application in Laos for a Mineral Reconnaissance and Exploration Agreement application is now pending and Hill End Gold is in discussion with parties with mineral interests adjacent to the application area and other parties with advanced projects.

The Lak Sao Project area of approximately 2,000km² is located in the Bolikhamxay Province in Central Laos between the Mekong River and the Vietnam border. The area is approximately 100 kilometres north of the Sepon copper-gold project, operated by Oxiana Limited, in the Truongson Belt.

Previous prospecting has identified numerous precious and base metal occurrences in outcrop and in stream sediment dispersion haloes. Controlled artisanal gold mining of a moderate scale is underway on a small tenement excised from the tenement application.

Hill End Gold have a 51% interest in the Lak Sao Project with Mekong Resources Pty Ltd.

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 contractor for the company. Mr Bruce is Fellow of the Australasian Institute of Mining and Metallurgy. 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 his information in the form and context in which it appears.

Yours faithfully



Philip Bruce
Managing Director

**HILL END PROJECT – Significant Assay Results – December Quarter 2008
(Final assay results)**

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth MGA	Total Depth (m)	From (m)	To (m)	Interval (m)	Assay (g/t gold)
HARGRAVES HGD09	730381	6369785	-50°	79°	224.3	66.97	67.20	0.23	1.19
						74.72	74.82	0.10	6.92
						74.95	75.08	0.13	1.23
						95.10	95.26	0.16	43.63
						96.06	96.57	0.51	3.42
						99.97	100.38	0.41	3.52
						100.93	101.50	0.57	2.07
						102.75	103.25	0.50	2.19
						104.80	105.12	0.32	8.77
						109.65	110.18	0.53	1.18
						130.85	130.96	0.11	3.06
						176.90	177.17	0.27	1.40
						178.47	178.58	0.11	2.32
						213.20	213.50	0.30	4.29
						214.10	214.30	0.20	0.12
						HGD15	730506	6369551	-73°	267°	309.9	4.60	5.00	0.40	0.99
14.30	14.56	0.26	1.47						
35.10	35.40	0.30	1.44						
72.30	72.50	0.20	7.99						
78.00	78.25	0.25	8.46						
83.74	83.85	0.11	19.45						
99.58	99.72	0.14	25.17						
100.30	100.60	0.30	5.74						
100.60	100.90	0.30	3.28						
103.40	103.60	0.20	1.67						
109.90	109.98	0.08	1.38						
150.82	151.12	0.30	2.15						
151.12	151.42	0.30	23.94						
151.64	152.00	0.36	1.89						
161.20	161.50	0.30	2.14						
161.50	161.80	0.30	1.41						
163.00	163.30	0.30	1.61						
172.60	172.90	0.30	1.38						
176.19	176.40	0.21	2.92						
180.16	180.30	0.14	1.09						
186.17	186.41	0.24	5.78						
191.10	191.25	0.15	3.92						
197.65	197.89	0.24	6.28						
198.30	198.53	0.23	18.15						
205.30	206.60	1.30	1.14						
207.95	208.25	0.30	16.05						
208.25	208.55	0.30	55.09						

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth MGA	Total Depth (m)	From (m)	To (m)	Interval (m)	Assay (g/t gold)
HGD15 (cont)						209.75	210.00	0.25	1.38
						225.00	225.30	0.30	1.92
						225.30	225.60	0.30	1.32
						225.60	225.80	0.20	1.06
						260.00	260.35	0.35	31.72
						265.30	265.57	0.27	16.75
HGD17	730431	6369905	-50°	79°	80	10.80	11.00	0.20	9.00
						21.15	21.78	0.63	6.92
						25.90	25.95	0.05	36.83
HGD18	730467	6369895	-75°	263°	215.8	12.18	12.40	0.22	17.05
						14.80	15.10	0.30	5.74
						20.43	20.66	0.23	1.10
						62.46	62.52	0.06	2.09
						63.40	63.76	0.36	3.26
						63.76	64.10	0.34	86.18
						67.15	67.21	0.06	1.03
						78.70	78.95	0.25	10.70
						78.95	79.15	0.20	6.09
						86.96	87.09	0.13	43.19
						153.69	154.11	0.42	2.46
						195.40	195.68	0.28	2.02
						197.33	197.63	0.30	2.80
						197.63	197.90	0.27	19.15
						197.90	198.30	0.40	5.25
203.70	204.05	0.35	3.47						
HGD19	730401	6370111	-85°	254.5°	287.1	99.50	99.70	0.20	9.62
						110.07	110.50	0.43	1.24
						144.90	145.20	0.30	3.67
						154.45	154.75	0.30	9.78
						154.75	155.05	0.30	1.42
						155.05	155.40	0.35	1.26
						162.11	162.41	0.30	1.89
						175.81	176.10	0.29	1.39
						178.85	179.10	0.25	1.02
						190.85	191.00	0.15	1.63
						211.90	212.10	0.20	15.00
						213.20	213.40	0.20	1.20
						213.40	213.60	0.20	5.22
						220.20	220.50	0.30	6.19
						261.00	261.36	0.36	13.00
261.66	261.86	0.20	7.74						
262.56	262.86	0.30	16.00						
263.30	263.63	0.33	2.20						

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth MGA	Total Depth (m)	From (m)	To (m)	Interval (m)	Assay (g/t gold)
HGD19 (cont)						269.30	269.38	0.08	1.33
						270.57	270.95	0.38	1.32
						271.85	272.30	0.45	9.87
						273.92	274.09	0.17	7.20
						277.40	277.70	0.30	8.06
						277.70	277.98	0.28	8.24
SCANDINAVIAN									
SCD01	725391	6342207	-55°	204°	401	38.95	39.08	0.13	9.58
						79.35	79.55	0.20	2.78
SCD03	725393	6342184	-72°	270°	374.4	26.90	27.00	0.10	4.19
HAWKINS HILL UNDERGROUND									
HHUG12	725284	6341304	+35°	90°	61.3	17.82	17.89	0.07	3.82
						21.48	21.70	0.22	30.69
						23.09	23.30	0.21	11.05
						23.77	23.94	0.17	0.29
						29.09	29.19	0.10	2.68
						35.10	35.26	0.16	8.15
						41.84	41.90	0.06	7.54
						44.07	44.19	0.12	1.40
HHUG18	725231	6341021	-25°	90°	85	32.94	33.05	0.11	9.03
						44.48	44.56	0.08	2.70
HHUG19	725326	6341342	-35°	260°	99.1	5.13	5.24	0.11	3.71
						35.03	35.08	0.05	7.08
HHUG20	725326	6341342	+32°	270°	55	5.02	5.13	0.11	56.55
						6.89	6.97	0.08	3.23
						12.34	12.44	0.10	8.58
						15.90	16.20	0.30	1.03
						17.66	17.83	0.17	1.73
						19.42	19.76	0.34	3.26
						24.22	24.26	0.04	2.57
						24.50	24.58	0.08	1.01
HHUG22	725342	6341600	+35°	90°	40	35.10	35.16	0.06	21.19

Most Samples are taken from half HQ3 diamond core. Samples from Hawkins Hill Underground have been taken from LTK60 diamond core. Gold content estimation by Accelerated Cyanide Leach Technique (Leachwell) by SGS Townsville, Queensland, Australia. Only assay values above 1 g/tAu have been shown (vg – visible gold).

HILL END PROJECT - RESOURCE SUMMARY STATEMENT

All resource estimates are based on unfactored drilling results only.

REWARD AREA INFERRED GOLD RESOURCE (5g/t gold cut off grade; diluted to 0.8m minimum)

SOURCE	Tonnes ¹	g/t gold ²	In situ ounces ¹
Frenchman's	9,500	8.6	2,650
Steven's Hangingwall	8,050	11.3	2,900
Steven's	24,350	10.1	7,900
Paxton's	23,000	47.8	35,350
SOP	7,500	12.5	3,000
Mica 1	20,600	18.0	11,900
Mica 2 (M2)	28,200	11.7	10,650
Mica 3	3,200	15.3	1,550
Pre-mining 2007 Inferred Mineral Resource	124,400	19.0	75,900
Removed by mining from M2	-1,764	10.2	-576
Removed by mining from Paxton's	-447	21.4	-308
Added by underground drilling	36,314	9.6	11,229
TOTAL	158,503	16.9	86,245

- 1) 2007 resource tonnage and ounces rounded to the nearest 50.
- 2) Diluted grade figure is rounded to the nearest 0.1g/t gold.

RED HILL AREA PROVISIONAL INFERRED GOLD RESOURCE (1g/t gold over 1m horizontal width cut off grade; diluted to 0.8m minimum; additional drillhole results awaited)

SOURCE	Tonnes	g/t gold	In situ ounces
Whites 1	178,555	2.10	12,027
Whites 5	58,935	2.96	5,608
Whites 6	79,632	3.11	7,963
Whites 7	13,158	2.34	989
Whites 9	6,253	4.53	910
Red Hill Deeps 1	1,639	60.40	3,183
Red Hill Deeps 2	65,955	3.96	8,387
Red Hill Deeps 3	1,272	3.25	133
Old Red Hill	285,843	1.98	18,155
Marshall McMahon	83,780	5.26	14,166
Valentines 3	24,988	4.00	3,217
Frasers	49,303	9.12	14,462
TOTAL	849,312	3.27	89,199

HARGRAVES BNH EXPLORATION POTENTIAL*

ZONE	Area (m ²)	Area Factor	Confidence Factor (%)	Tonnes	In situ ounces
BNH South	38250	1.31	80.00%	140,263	34,826
BNH South Middle	25500	0.87	60.00%	70,131	17,413
BNH South Lower	25500	0.87	20.00%	23,377	5,804
BNH Shaft	44788	1.53	80.00%	164,237	40,779
BNH Shaft Middle	29500	1.01	60.00%	81,132	20,145
BNH Shaft Lower	29500	1.01	40.00%	54,088	13,430
BNH	29250	1	100.00%	134,075	33,290
BNH Middle	19500	0.67	80.00%	71,506	17,755
BNH Lower	19500	0.67	60.00%	53,630	13,316
BNH North	55500	1.90	80.00%	203,518	50,532
BNH North Middle	37000	1.26	60.00%	101,759	25,266
BNH North Lower	37000	1.26	20.00%	33,920	8,422
TOTAL		at midpoint	7.7g/t	1,131,637	280,977
		at -20%	6g/t	905,310	224,782
		at +20%	9g/t	1,357,965	337,172

*It must be noted of the statement Exploration Potential, according to The JORC Code 2004 Edition, clause 18, that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Drilling data for the BNH deposit Exploration Potential estimate at Hargraves is concentrated on the BNH zone which is 200 metres long and 150 metres deep, however existing data indicates that grade and gold abundance does not appear to diminish along strike or with depth. The Exploration Potential estimate for the area of data concentration is projected into the other designated blocks in the 1,000 metres by 400 metres block of known mineralisation according to the following confidence factors:

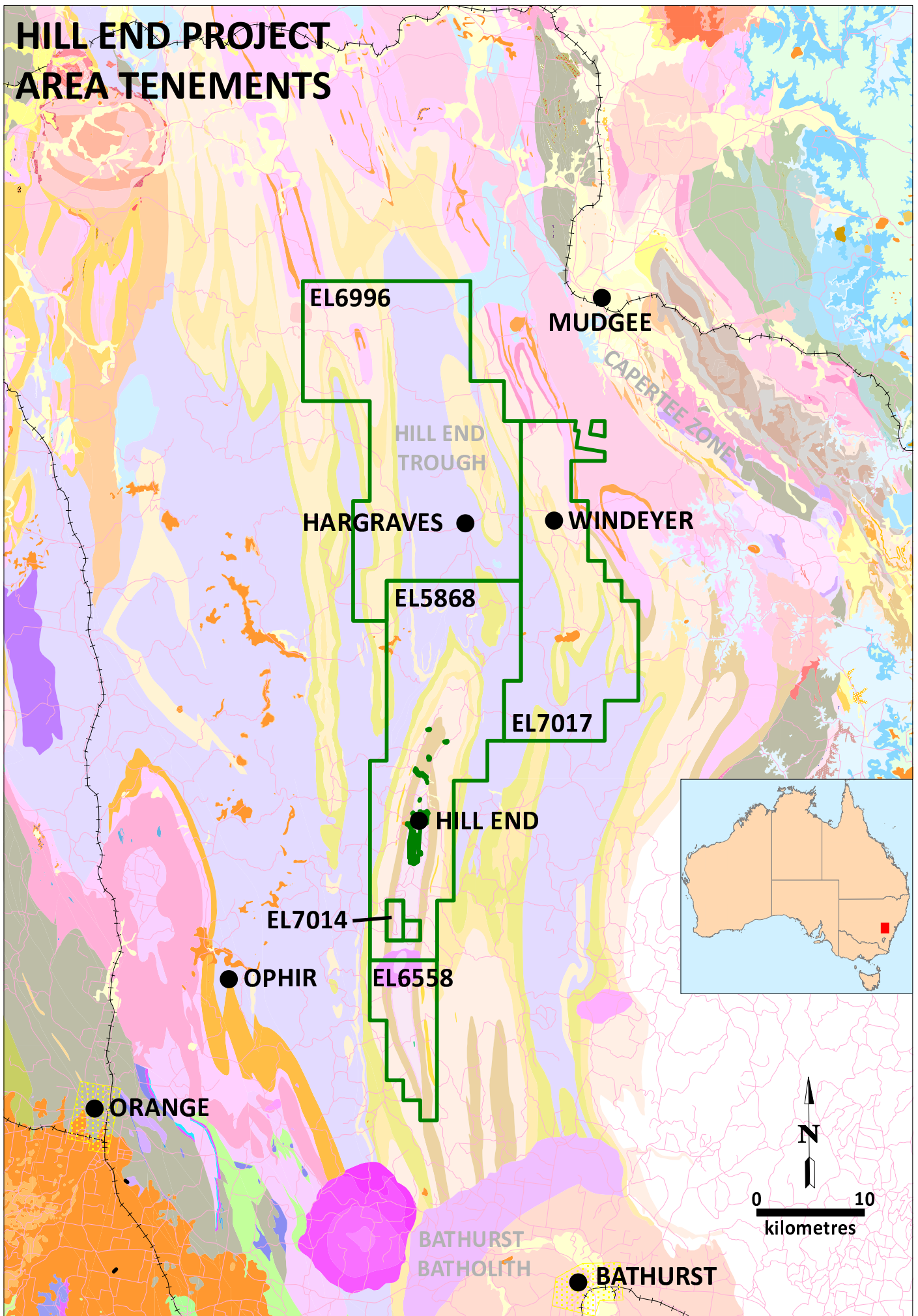
Big Nugget Hill Exploration Potential Blocks with % Confidence Factor

BNH South - 80%	BNH Shaft - 80%	BNH - 100%	BNH North - 80%
BNH South Middle - 60%	BNH Shaft Middle - 60%	BNH Middle - 80%	BNH North Middle - 60%
BNH South Lower - 20%	BNH Shaft Lower - 40%	BNH Lower - 60%	BNH North Lower - 20%

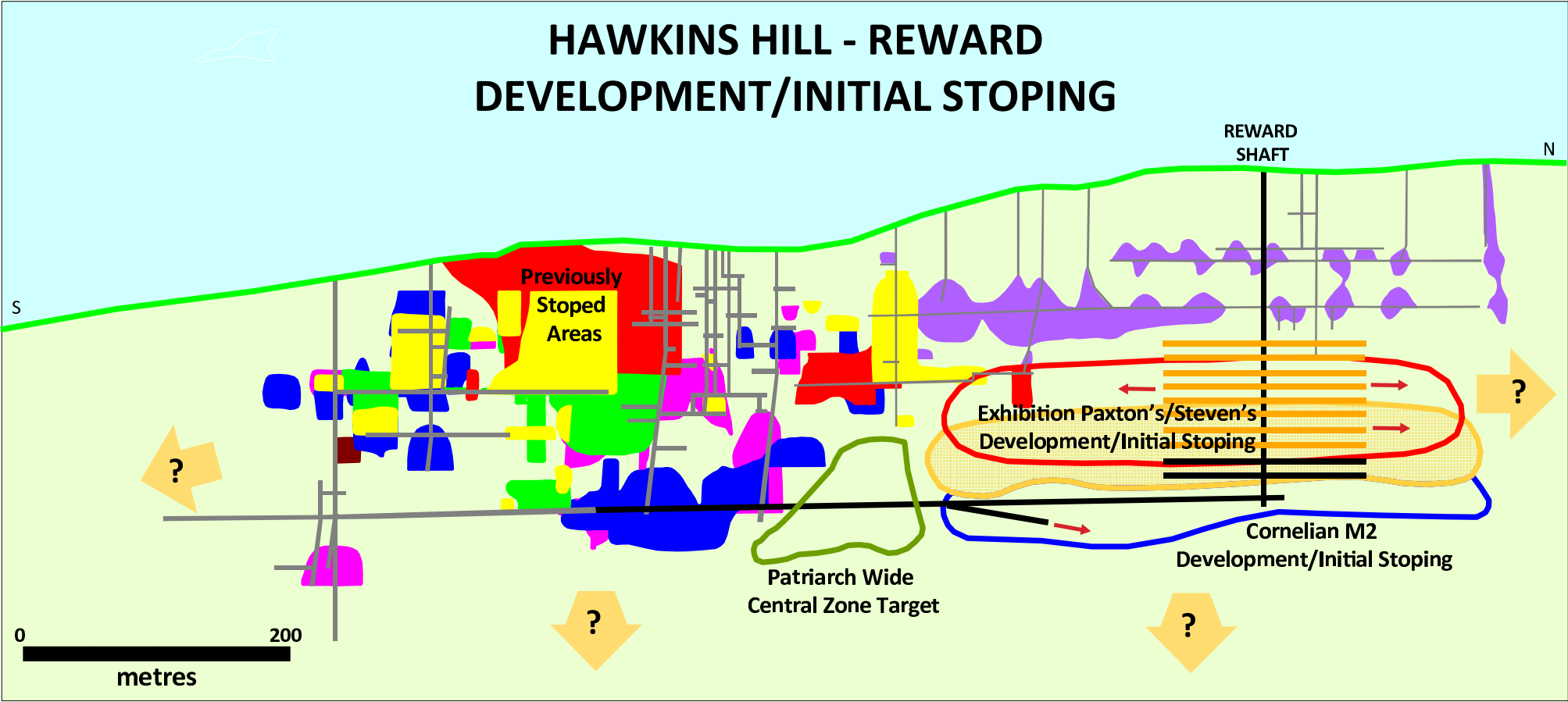
HILL END PROJECT SUMMARY

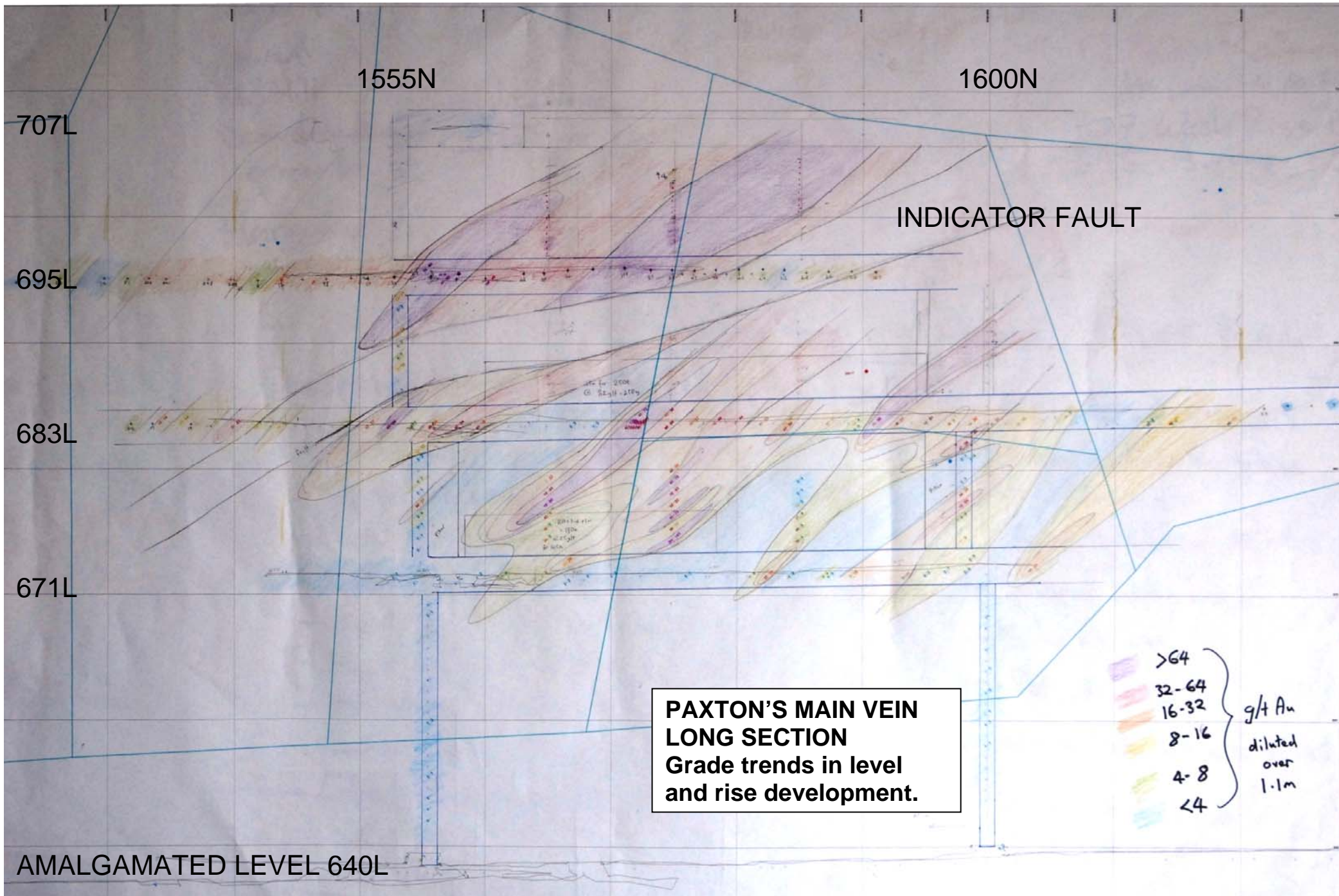
SOURCE	Tonnes	g/t gold	In situ ounces
Reward Inferred Resource	158,503	16.9	86,245
Red Hill Inferred Resource	849,312	3.27	89,199
TOTAL INFERRED RESOURCE	1,007,815	5.41	175,444
Reward midpoint Exploration Potential	2,250,000	12.5	1,000,000
Hargraves BNH midpoint Exploration Potential	1,131,637	7.7	280,977
TOTAL midpoint EXPLORATION POTENTIAL	3,381,637	11.78	1,280,977

HILL END PROJECT AREA TENEMENTS

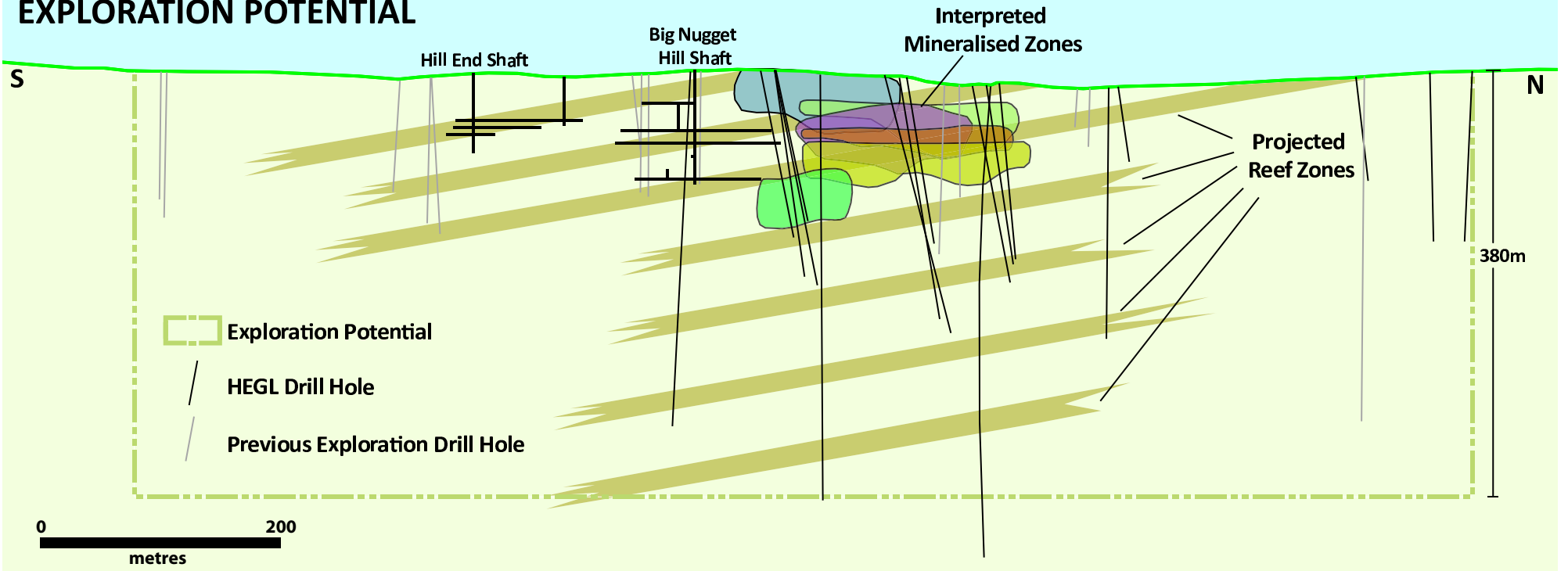


HAWKINS HILL - REWARD DEVELOPMENT/INITIAL STOPING





BIG NUGGET HILL PROJECT - HARGRAVES EXPLORATION POTENTIAL



BIG NUGGET HILL PROJECT - HARGRAVES CROSS SECTION (9800N)

