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Hargraves drilling hits new high grade zone

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ASX Code: HEG

- Diamond hole HGD35 has intersected multiple zones of quartz veining hosting coarse pieces of gold in the Big Nugget Hill structure in a new area located 500 metres to the south along strike from the Central Zone.
- HGD35 has intersected high grade gold mineralisation from 39 metres below surface to the current depth of hole at 370 metres. Drilling in HGD35 continues.
- Preliminary logging of the fifteen diamond holes completed to date along the Big Nugget Hill structure to the south of the Central Zone confirms the south plunging continuity of the high grade zones identified in the 2008 drilling program.
- Two drilling rigs are now on site and all approvals have been received for the Central Zone drilling to start today.

Diamond hole HGD35 has intersected multiple quartz veins with visible gold mineralisation between 39 metres down hole to the current depth of hole at 370 metres. Significant coarse gold has been identified at 39m, 75m, 110m and at 370m. Particularly strong mineralisation was noted at 39m with pieces up to 1.5cm in size in a 0.80m west leg vein and at 110m with 25 pieces up to 2mm in size in a 6.0m saddle vein. See photos.

Samples from HGD35 have been despatched for assaying at SGS Laboratories in Townsville. Assaying of previous holes at Hargraves has been held pending detailed logging and structural review of the mineralisation and a backlog at SGS Laboratories.

Drilling at Hargraves will break over Christmas and the two rigs will be split between the new zone and the Central Zone, when drilling re-commences early in the New Year.

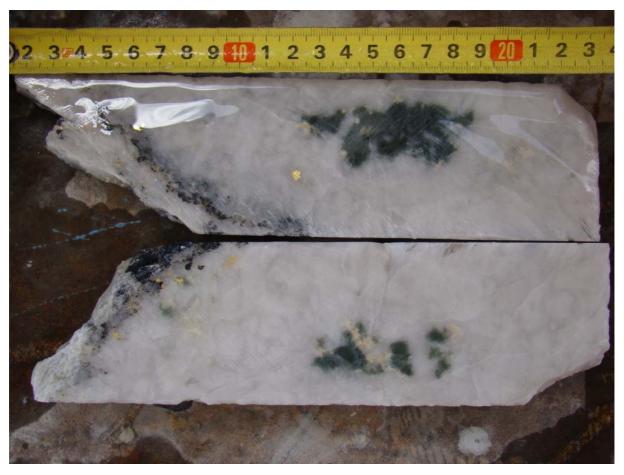
Attribution

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 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 they appear.

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HGD35 Reef 1 at 39m – part of 0.8m west leg quartz vein



HGD35 Reef 3 at 110m - part of 6.0m saddle quartz vein