
Report for March 2007 Quarter

30 April 2007

ASX Code : HEG, HEGOA

KEY POINTS

Reward

- *Initial high grade portion of Reward has 75,900oz inferred resource with 124,400 tonnes grading 19g/t gold at a 5g/t cut off grade.*
- *Ultra high grade Paxton's zone contains 23,000 tonnes at 48g/t containing 35,350oz with drill indicated continuity of near 200 metres strike length.*
- *Trial mining and gold processing of the high grade Reward resource to commence during 2007.*
- *Mining contractor to start development from existing workings.*
- *Refurbishment of the existing gold processing plant underway.*

Red Hill

- *Red Hill drilling has confirmed Hawkins Hill style mineralisation, established geological continuity and extended vein sets.*
- *En echelon vein sets at Red Hill continue at depth with associated stockworks indicating potential for increased mineralised widths.*

Exploration target potential

- *1 million ounce exploration target potential in two kilometre long Hawkins Hill – Reward – Germantown vein system.*

Laos

- *51% interest acquired in significant Lak Sao Project in Laos.*

Corporate

- *Options exercise expected to increase cash reserves by \$16 million.*

CORPORATE

A number of significant events made this quarter one of the most important in the company's history.

The resource estimate for part of the Reward area at Hill End was completed with the ultra high grade Paxton's Zone having an inferred resource of 23,000 tonnes at 47.8g/t of gold in a total Reward resource of 124,400 tonnes at 19 g/t of gold. The appointment of contractors was advanced for the bulk sampling of the Paxton's Zone planned for later this year.

The continuity of the Hawkins Hill – Reward – Germantown and Red Hill mineralisation at Hill End is now interpreted to extend for some kilometres at relatively shallow depths below surface. At Reward the individual vein sets are interpreted to have a strike length of over two kilometres with the *en echelon* vein sets extending to a depth of at least 500 metres.

An initial estimate of the potential of the exploration target, additional to the Reward resources, in the mineralised corridor from Hawkins Hill to Germantown, is 2 – 2.5Mt at 10 - 20g/tAu containing a mid range of approximately one million ounces.

In Laos, a 2,000 square kilometre area on the Truongson Belt, which hosts the \$17 billion Sepon deposit, has been applied for in joint venture with Mekong Resources Pty Ltd. The Lak Sao Project area has numerous precious and base metal prospects identified by previous explorers, though as yet it is undrilled. The Laos representatives of Mekong Resources are well regarded and highly qualified to provide support for the project. Initial field reconnaissance has been completed and local consultants have been appointed.

On 5 April 2007, a free bonus share option issue to eligible shareholders of Hill End Gold was announced. The issue, which will be listed on the ASX, is on the basis of one new share option for every two shares held at close of business on the Record Date.

The Record Date for the new issue is 31 May 2007, which is the date on which the currently listed HEGOA options expire. There has been a strong uptake and conversion of the HEGOA options, which are exercisable at 15 cents, with major option holders and directors showing their support for the Company and taking advantage of the free bonus issue of new options.

The new options will have an exercise price of 15 cents per share and will be exercisable at any time up to and including 5.00pm AEST on 12 September 2008.

HILL END

Hill End Gold has the majority of the historically rich Hill End Goldfield under tenement with approximately 50 kilometres strike length of the Hill End Anticline including EL5868, EL6558 and a number of granted mining leases. Approvals are in place for the underground sampling and processing of the Reward area and a gravity plant is in place at the Amalgamated portal.

Total gold output from the Hill End Goldfield of about 1.5 Moz of gold came from surface and shallow underground workings. The majority of past hard rock production came from the Hawkins Hill Zone, which yielded over 400,000 ounces of gold from a strike length of approximately 400 metres. The ore was very high grade, averaging about 10 ounces per tonne.

The Reward area is 400 metres along strike to the north of Hawkins Hill with the individual vein sets, such as Paxton's, which were mined at Hawkins Hill, appear to be continuously mineralised over a strike length of two kilometres from south of Hawkins Hill, through Reward to at least Germantown to the north.

Strong gold mineralisation and high grade workings outcrop for 20 kilometres along the Hill End Anticline in the Company's tenements and further significant deposits are interpreted to occur below surface. An exploration target potential of one million ounces has been estimated for the Hawkins Hill – Reward – Germantown area alone.

HAWKINS HILL – REWARD GOLD PROJECT

During the quarter a resource update was completed for the high grade zone at Reward and the initial estimate of exploration target potential for the Hawkins Hill – Reward – Germantown area was completed.

All assay results from the last three holes (HHD30, 31 and 32) of the 2,071 metre seven hole diamond drilling program at Reward were received and incorporated into the Reward resource estimate update. HHD30 and 31 confirmed the continuity of the very high grade portion of the Paxton's and Steven's vein sets which are to be trial mined and processed later this year. If successful the trial mining exercise will be extended to include a low tonnage production scenario.

HHD30 intersected Paxton's with **12.25g/tAu over 12.9 metres**, or about six metres true width, including 106g/tAu over 1.4 metres and abundant visible gold. In the same hole, Steven's vein set assayed **7.17g/tAu over 4.4 metres** including 114g/tAu over 0.24m and 29.23g/tAu over 0.13m. HHD30 is located 30 metres south of previous drill hole NRI005, which intersected the Paxton's central veins with **208g/tAu over 0.9m**.

HHD31 intersected Paxton's 48 metres south of HHD30 with **5.39g/tAu over 6.2 metres**, including 34.39g/tAu over 0.96m.

HILL END REWARD AREA INFERRED GOLD RESOURCE – APRIL 2007

The Reward resource estimate was updated to focus on the Exhibition and Cornelian high grade areas and resulted in a conservative estimate for the inferred resource of 124,400 tonnes at 19g/tAu containing 75,900 ounces at a cutoff grade of 5g/tAu and minimum width of 0.8 metres. The Paxton's vein set alone has 23,000 tonnes at 47.8g/tAu containing 35,350 ounces at a cutoff grade of 5g/tAu. The current estimate includes only the high grade portion of the Reward mineralisation, which will provide a comparative model of the geological and grade continuity for the trial mining exercise.

Vein Set	⁽¹⁾ Tonnage (tonnes)	⁽²⁾ Gold Grade (g/t Au)	⁽¹⁾ Contained Gold (ounces)
5g/tAu Cutoff Grade			
Frenchman's	9,500	8.6	2,650
Steven's	32,400	10.4	10,800
Paxton's	23,000	47.8	35,350
Mica	7,500	12.5	3,000
Phillipson's	52,000	14.4	24,100
TOTAL	124,400	19.0	75,900
10g/tAu Cutoff Grade			
Frenchman's	950	13.1	400
Steven's	12,500	16.3	6,550
Paxton's	19,500	55.0	34,450
Mica	4,950	15.1	2,400
Phillipson's	36,000	17.6	20,400
TOTAL	73,900	27.0	64,200

⁽¹⁾Tonnage and ounces are rounded to the nearest 50.

⁽²⁾Gold grade is rounded to the nearest 0.1g/t Au.

The previous global resource estimate for Reward, announced on 21 June 2006, of 680,000 tonnes at 6g/tAu included lower grade material, which has been excluded.

The April 2007 Reward area high grade resource estimate is reported in accordance with the 2004 JORC Code and is based on a long section polygonal method of estimation. Diamond drilling to date has only partially drilled the Reward vein sets in an area of approximately 400 metres along strike by 100 metres width to a maximum depth of 300 metres below surface. The average width of the high grade vein sets is one metre with a minimum mining width of 0.8 metres and a dip length of approximately 50 metres. The resource estimate is derived from diamond drilling assay results and mining criteria and the 5g/tAu cutoff grade is based on preliminary costs and recoveries.

Drill intersections of the very high grade part of the Paxton's veins average 72g/tAu with an average true width of 0.8 metre over a strike length of 180 metres. It is noted that the Paxton's zone can broaden up to 20 metres into the hanging wall to encompass the parallel Steven's vein set. While the wide stockwork zones tend to contain lower grades in drill core assays, they will be tested with bulk sampling in the upcoming program for upgrade factor.

It has been noted that the Reward diamond core assay results may have been significantly understated due to a combination of the ALS Chemex screen fire assay protocol and laboratory procedure. Current assaying is performed by the 'Leachwell' assay technique with SGS in Townsville, Queensland.

UNDERGROUND BULK SAMPLING

Site preparation such as water supply, office accommodation and access improvement have been undertaken in readiness for the commencement of mine development to Reward and the refurbishment of the sample gravity plant now underway. Mancala mining contractors have been retained on the basis of an 'alliance' contract and the proposed schedule:

- | | |
|---|--------------------------------|
| • On-site risk assessment | 7 th May 2007 |
| • Commence operations on site | 4 th June 2007 |
| • Develop to Phillipson's 375m | 6 th September 2007 |
| • Develop Phillipson's to Exhibition 190m | 24 th October 2007 |
| • Complete raise drilling service rise | 24 th November 2007 |
| • Complete shaft equipping | 7 th December 2007 |
| • Cross cut to Paxton's 30m | 19 th December 2007 |
| • Commence driving on Paxton's | 20 th December 2007 |

A 250 metre geotechnical hole has tested the position of the raise drill service rise and found the rock quality, for the main part, to be excellent. Some near surface weathered material is present.

Refurbishment of the gravity plant has commenced with assistance from the Timora Group, who have recently completed the Costerfield gold/antimony processing plant in Victoria, Australia for Cambrian Mining PLC. The gravity plant will be wet commissioned in stages from June 2007 onwards. Processing of high grade bulk samples is planned with the development through the Phillipson's zone.

Underground bulk sampling 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.

Hydrological studies by CM Jewell and Associates and site drilling have identified additional water resources.

REWARD EXPLORATION TARGET POTENTIAL

The individual mineralised vein sets at Hill End have been found to be very continuous over large distances and recent drilling at Germantown has correlated the Hawkins Hill, Reward and deeper Germantown mineralisation to be the same zone.

The individual Reward vein sets are currently interpreted to have a strike length of over two kilometres with the *en echelon* vein sets extending to a depth of at least 500 metres. An initial estimate of the potential of the Hawkins Hill – Reward – Germantown exploration target, additional to the Reward resources, in the mineralised corridor from Hawkins Hill to Germantown, is 2 – 2.5Mt at 10 - 20g/tAu containing a mid range of approximately one million ounces.

Potential exploration target estimates comprise two sources: proximal to Reward – Hawkins Hill, including interpolated blocks between resource block boundaries and historical stope outlines, plus depth and southern strike extensions (60%), and; extrapolating the known vein sets along strike to the north and at depth to Germantown; at vein set resource widths and grade (40%).

The exploration target potential quantity and grade is conceptual in nature with insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

RED HILL GOLD PROJECT

The Red Hill Project area has a zone of near surface gold mineralisation and old high grade workings of three kilometres strike length and 50 to 100 metres in width, and is located five kilometres to the north of and along strike from Reward. The outcropping Red Hill mineralisation is stratigraphically higher than the Hawkins Hill Mine Sequence. The Hawkins Hill – Reward – Germantown vein sets in the Hawkins Hill Mine Sequence are interpreted to continue at depth below Red Hill.

The recent reverse circulation drilling program was completed with 2,812 metres drilled in 37 holes: 26 holes at Red Hill for 2,024 metres, four holes at Emily for 197 metres and nine holes for 673 metres at Clines Gully lines of workings. Seven diamond drill holes, six of which are diamond tails for a total of 938 metres were completed at Red Hill. Assay results received to date are attached.

The Red Hill drilling program has confirmed the remarkable continuity of the vein sets in the Red Hill mineralised system and new *en echelon* vein sets have been discovered at depth. The program has confirmed that the Red Hill mineralisation is similar to the high grade vein sets in the Hawkins Hill – Reward deposit and of similar strike extent.

Wide mineralised quartz stockwork zones were intersected in the White's, Marshal McMahon's and Kessell's vein sets. A stockwork zone in hole RHRCD108 assayed 2.43g/tAu over 12 metres from 116 metres downhole with individual intervals carrying up to 51g/tAu. The stockwork zones appear to overprint Hawkins Hill-style bedded mineralised veins and are significant because of their increased widths.

Diamond drilling has now extended the White's vein set by 300 metres to a total strike length of 600 metres and to a depth of 150 metres below surface. Similarly Red Hill Deeps vein sets have been extended to a strike length of 550 metres.

A new vein set has been discovered *en echelon* 25 metres below the White's vein set with four diamond drill intersections over a strike length of 500 metres and visible gold noted in three of the intersects. The new zone is of great importance in that it confirms Red Hill to have the same mineralisation style and type as Hawkins Hill / Reward: stacked veins with gold shoots within a structural corridor in very continuous bedding parallel quartz veins +/- stockwork zones, and it demonstrates the remarkable geological continuity and continuity of mineralisation if not grade.

Reverse circulation drilling to the west of Red Hill to test the location of future infrastructure has identified a source of water which will be a significant benefit to future operations.

A resource estimate has commenced and will be completed during the coming quarter.

Preparation for a mining lease application for the Red Hill area has commenced. The Red Hill area is being evaluated as a combined open pit and underground project, which may be worked together with the Reward Project and processed through a combined plant located in the Red Hill area.

Diamond drilling to extend numerous recent precollars and to test for mineralisation at greater depth is planned to commence in June.

GERMANTOWN

Two recent diamond drill holes at Germantown have confirmed the strike continuation of the Hawkins Hill - Reward mineralisation some 1000 metres north of previous drilling. Geological logging has identified that the Germantown workings are stratigraphically above the Reward – Hawkins Hill vein sets.

Holes GTD01 and GTD02 were drilled below the old Germantown workings, which produced several tonnes of gold between the 1850's and the 1870's with the rock 'frequently hinged together with gold'. One area is reported to have produced over 30,000 ounces from less than ten tonnes of rock.

While visible gold was observed in GTD02 and numerous quartz veins were observed in both holes with minor indicator minerals sphalerite and galena, the most significant outcome is the interpreted continuity of the mineralised system, rather than the assays which are expected to be moderate. Assays results are pending.

The geological setting at Germantown is interpreted to be a direct continuation of the Reward – Hawkins Hill vein sets, thus these drill holes indicate a strike continuity of the Hawkins Hill - Reward – Germantown mineralisation of some two kilometres.

The outcropping gold mineralisation at Germantown was mined to a maximum depth of 90 metres below surface during the nineteenth century, however high grade vein sets such as Paxton's have not yet been mined nor explored.

HILL END AREA EXPLORATION

Fieldwork and evaluation of the Hill End exploration licence EL5868 far-field projects and of the Gowan EL6558 has commenced and results are awaited.

LAOS

During the quarter a Heads of Agreement for a joint venture over the Lak Sao Project area in Laos was signed with Mekong Resources Pty Ltd, a private Sydney based company. Under the agreement Hill End Gold have acquired 51% of the project. The Lak Sao area Foreign Investment / Exploration Licence application has been accepted and formally registered with the Lao PDR Department of Domestic and Foreign Investment.

The Lak Sao Project exploration licence application area of approximately 2,000 square kilometres is in the Truongson Belt, which is associated with the large copper-gold projects of Sepon and Phu Bia/Phu Kham operated by Oxiana Limited and Pan Australian Resources Limited, which currently contain approximately A\$19 billion and A\$9 billion in-ground value respectively.

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

Hill End Gold have a 51% interest in the Lak Sao Project and will sole fund the first US\$500,000 expenditure, with straight line dilution applying to further expenditure if Mekong Resources do not wish to contribute. Acquisition costs, based on approval milestones, amount to US\$220,000 of which US\$150,000 will be paid in HEG scrip. Mekong Resources have a strong presence in Laos with highly capable people who will provide assistance to Hill End Gold in establishing a successful project.

Hill End Gold has identified Laos as a highly prospective area for precious and base metal deposits. Laos has an emerging economy strongly based on mineral development and the government and people are very supportive of the exploration and mining industry and the related development and social advantages.

The Lak Sao Project area contains numerous base metal and precious metal prospects identified by previous explorers. The area is prospective for copper, nickel, tungsten, tin, gold and silver.

Current project activities are focussed on obtaining the approval for the Exploration Licence and preparation for field work, which is proposed to commence in the dry season.

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

Attached:

- Significant Assays from Red Hill Stage Three Drilling Program
- Reward Long Section Significant Intercepts
- Proposed Bulk Sampling in Reward Long Section
- Germantown / Reward Stacked Cross Section
- Red Hill Area Current Drilling Program
- Red Hill Long Section
- Hill End Project Regional Overview

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Significant assays from Red Hill Stage Three drilling program

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA°)	Depth (m)	from	to	Interval (m)	Grade g/tAu
RED HILL RHD109	726,475	6,346,850	-77	289	146	25.60	25.85	0.25	38.10
						37.11	37.36	0.25	1.76
						38.06	38.40	0.34	1.50
						38.40	38.87	0.47	6.83
						41.00	41.30	0.30	9.76
						42.11	43.07	0.96	1.36
						46.56	46.96	0.40	2.22
						49.20	49.50	0.30	1.56
						53.38	53.50	0.12	25.20
						56.96	57.13	0.17	9.57
RHRC110	726,657	6,347,811	-62	270	42				nsa
RHRCD111	726,713	6,347,805	-68	270	160	126.20	126.60	0.40	3.90
RHRC112	726,650	6,347,851	-66	270	100				nsa
RHRC113	726,688	6,347,850	-66	270	94	79.00	80.00	1.00	1.32
						80.00	81.00	1.00	1.32
RHRCD114	726,726	6,347,901	-65	270	88	16.00	17.00	1.00	1.03
						39.00	40.00	1.00	1.40
						40.00	41.00	1.00	1.74
						41.00	42.00	1.00	0.99
						43.00	44.00	1.00	1.13
RHRCD115	726,763	6,347,897	-62	270	75				nsa
RHRCD116 (pc)	726,768	6,347,850	-65	270	81				nsa
RHRCD117 (pc)	726,780	6,347,800	-65	270	90				nsa
RHRCD118 (pc)	726,524	6,347,049	-74	270	60				nsa
RHRCD119 (pc)	726,569	6,347,039	-60	270	88				nsa
RHRCD120	726,512	6,347,125	-90	13	151	8.00	9.00	1.00	1.11
						42.00	43.00	1.00	6.19
						58.00	59.00	1.00	1.01
						63.00	64.00	1.00	1.01
						77.00	77.30	0.30	1.98
						77.65	78.10	0.45	1.10
						84.95	85.12	0.17	2.55
						85.73	85.90	0.17	8.85
						88.55	88.80	0.25	4.52
						91.65	92.14	0.49	3.98
						94.00	94.28	0.28	1.96
						95.73	96.10	0.37	1.36
						123.73	123.90	0.17	4.50
						124.90	125.14	0.24	17.20
128.97	129.14	0.17	4.87						
130.55	130.93	0.38	24.40						
130.93	131.20	0.27	5.65						
131.86	132.02	0.16	3.16						

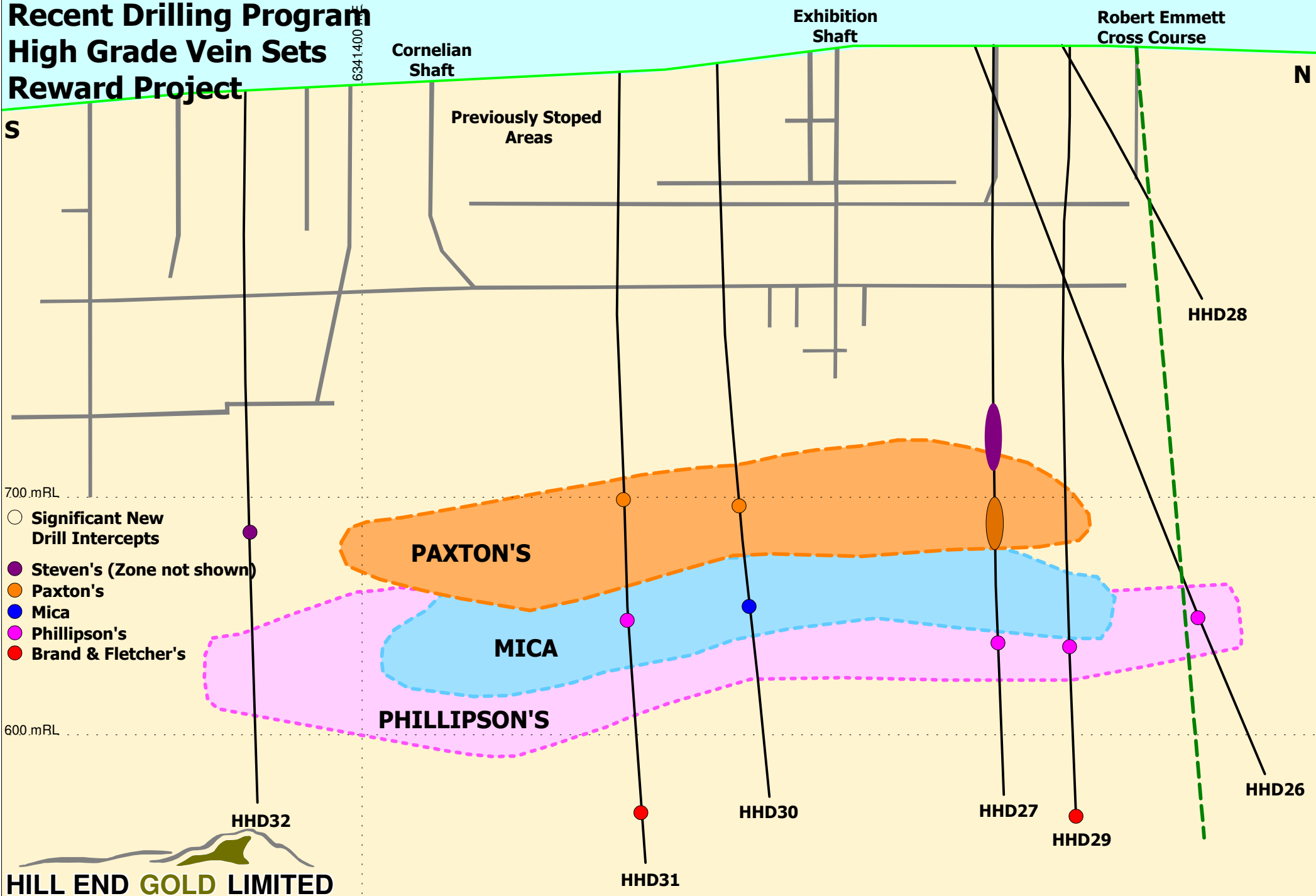
Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA°)	Depth (m)	from	to	Interval (m)	Grade g/tAu
						135.88	136.09		
						138.40	138.54	0.14	7.28
						139.76	139.90	0.14	4.61
RHRCD121	726,601	6,347,350	-74	270	214	108.80	109.05	0.25	14.10
						109.25	109.40	0.15	2.00
						159.12	159.60	0.48	4.17
						161.87	162.20	0.33	2.60
RHRCD122	726,668	6,347,605	-67	270	252		pending		
RHRCD124	726,681	6,347,719	-63	270	100	45.00	46.00	1.00	2.46
RHRCD126 (pc)	726,782	6,348,092	-60	257	75				nsa
RHRC127	726,743	6,348,082	-60	257	75				nsa
EMILY									
EMRC01	726,841	6,348,657	-60	253	66	21.00	22.00	1.00	1.37
EMRC02	726,859	6,348,662	-60	254	49				nsa
EMRC03	726,875	6,348,690	-60	254	41				nsa
EMRC04	726,784	6,348,752	-60	253	41				nsa
GERMANTOWN									
GTD01	725,141	6,342,551	-60	90	260				nsa
GTD02	725,582	6,343,702	-60	268	149		pending		
CLINES									
CGRC01	725,257	6,344,441	-60	105	75		pending		
CGRC02	725,229	6,344,670	-60	105	75		pending		
CGRC03	725,225	6,344,613	-60	105	100		pending		
CGRC04	725,204	6,344,539	-60	105	75		pending		
CGRC05	725,188	6,344,477	-60	105	50		pending		
CGRC06	724,828	6,343,614	-60	112	88		pending		
CGRC07	724,800	6,343,434	-60	108	75		pending		
CGRC08	724,503	6,342,698	-60	100	80		pending		
CGRC09	724,597	6,342,494	-60	100	55		pending		

Samples are from half HQ3 diamond core or 3kg of rock chips from 1m interval of RC percussion drilling.
Minimum assay value included is 1g/tAu.
(pc) signifies the RC holes is a pre-collar for a deeper diamond hole.

Recent Drilling Program High Grade Vein Sets Reward Project

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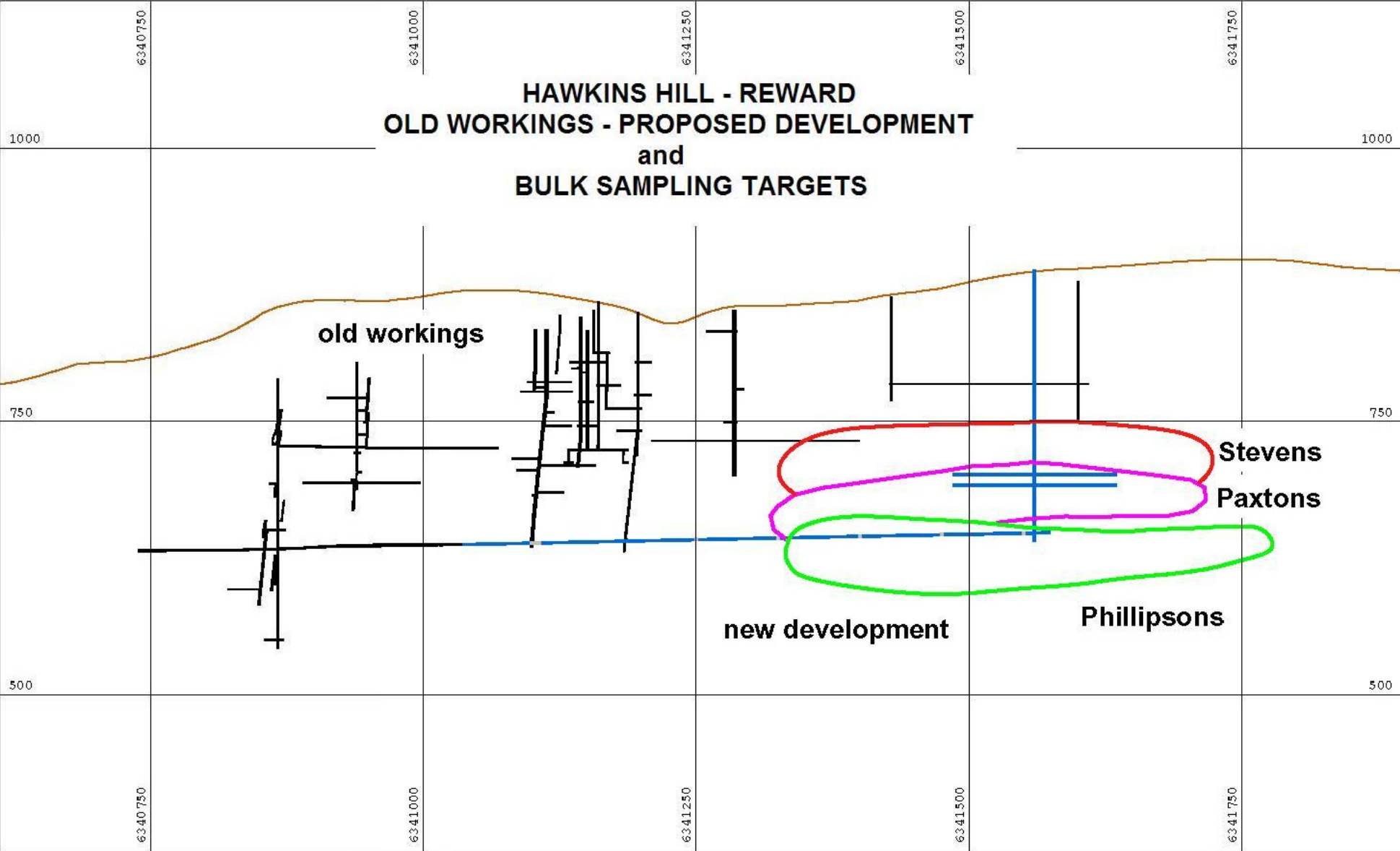
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700.mRL

600.mRL

- Significant New Drill Intercepts
- Steven's (Zone not shown)
- Paxton's
- Mica
- Phillipson's
- Brand & Fletcher's



GERMANTOWN MINERALISATION STRUCTURAL SETTING

Germantown
Surface

900 mN

GTD01

GTD02

GERMANTOWN
Cross Section
6,342,750mN

700 mN

Reward
Surface

REWARD
Cross Section
6,341,600mN
(Projected down plunge at 6,342,750mN)

500 mN

Mountain
Maid

Rowley's

Frenchman's

Steven's

**HANGING
WALL ZONE**

Paxton's

Mica

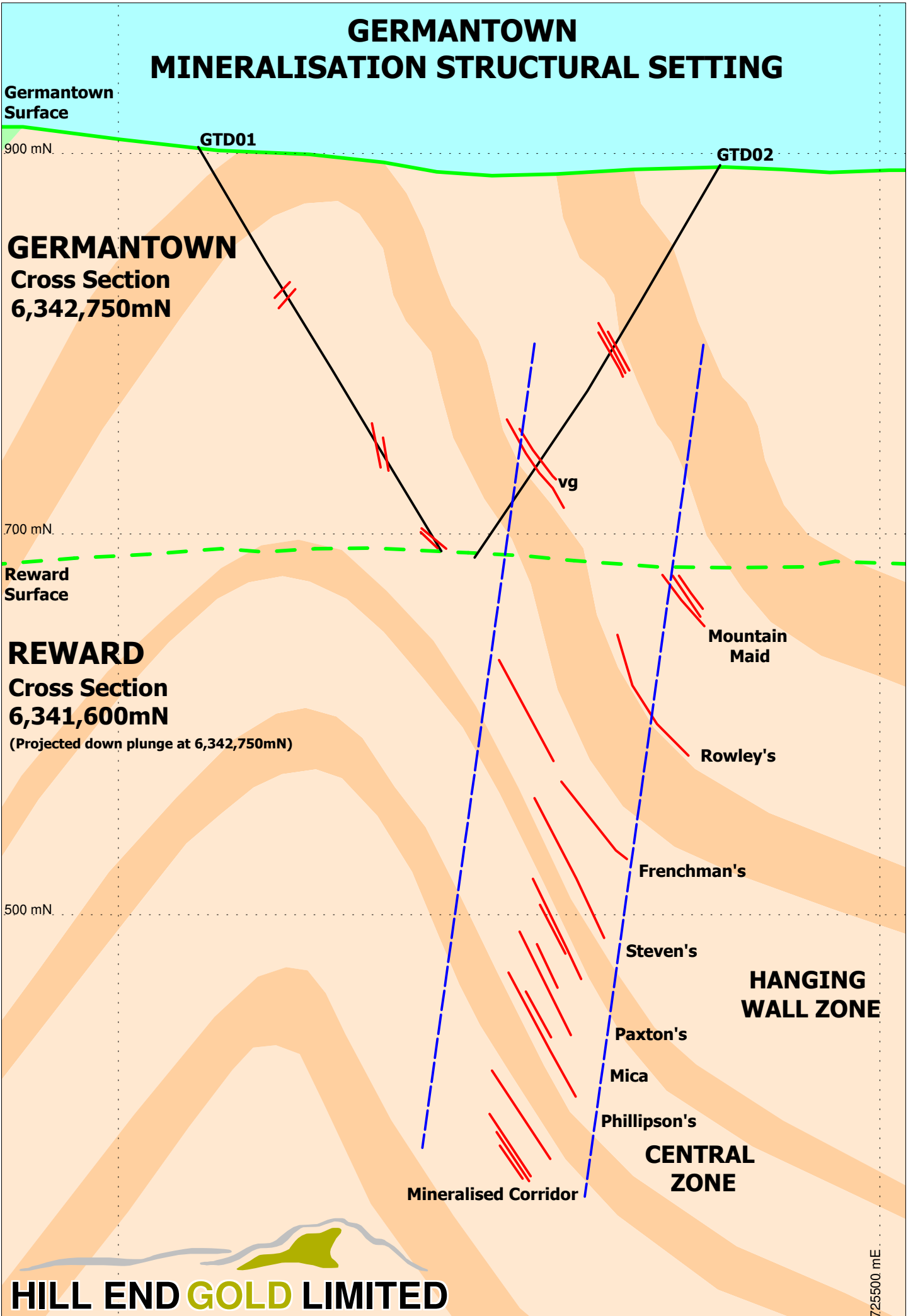
Phillipson's

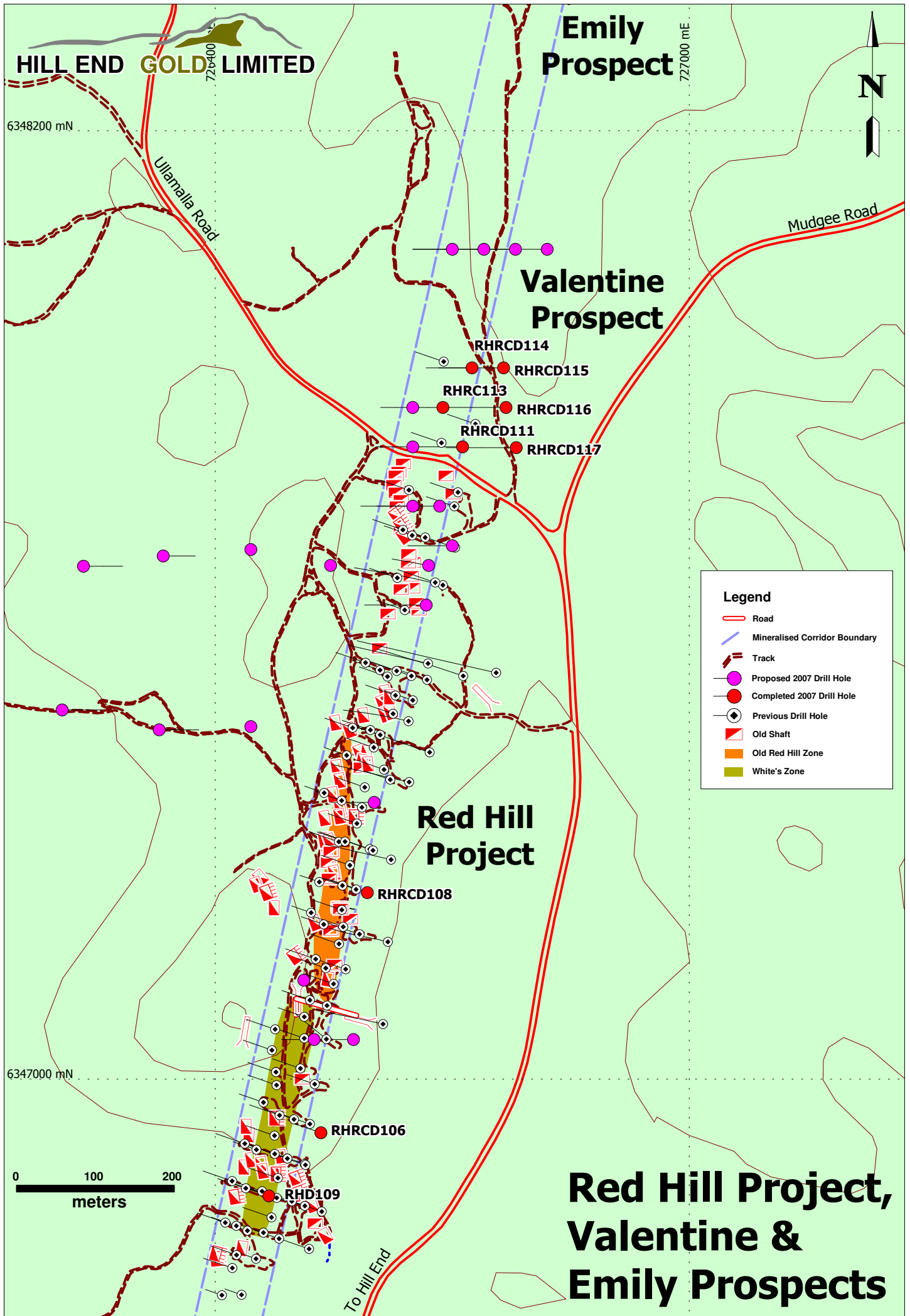
**CENTRAL
ZONE**

Mineralised Corridor

HILL END GOLD LIMITED

725500 mE



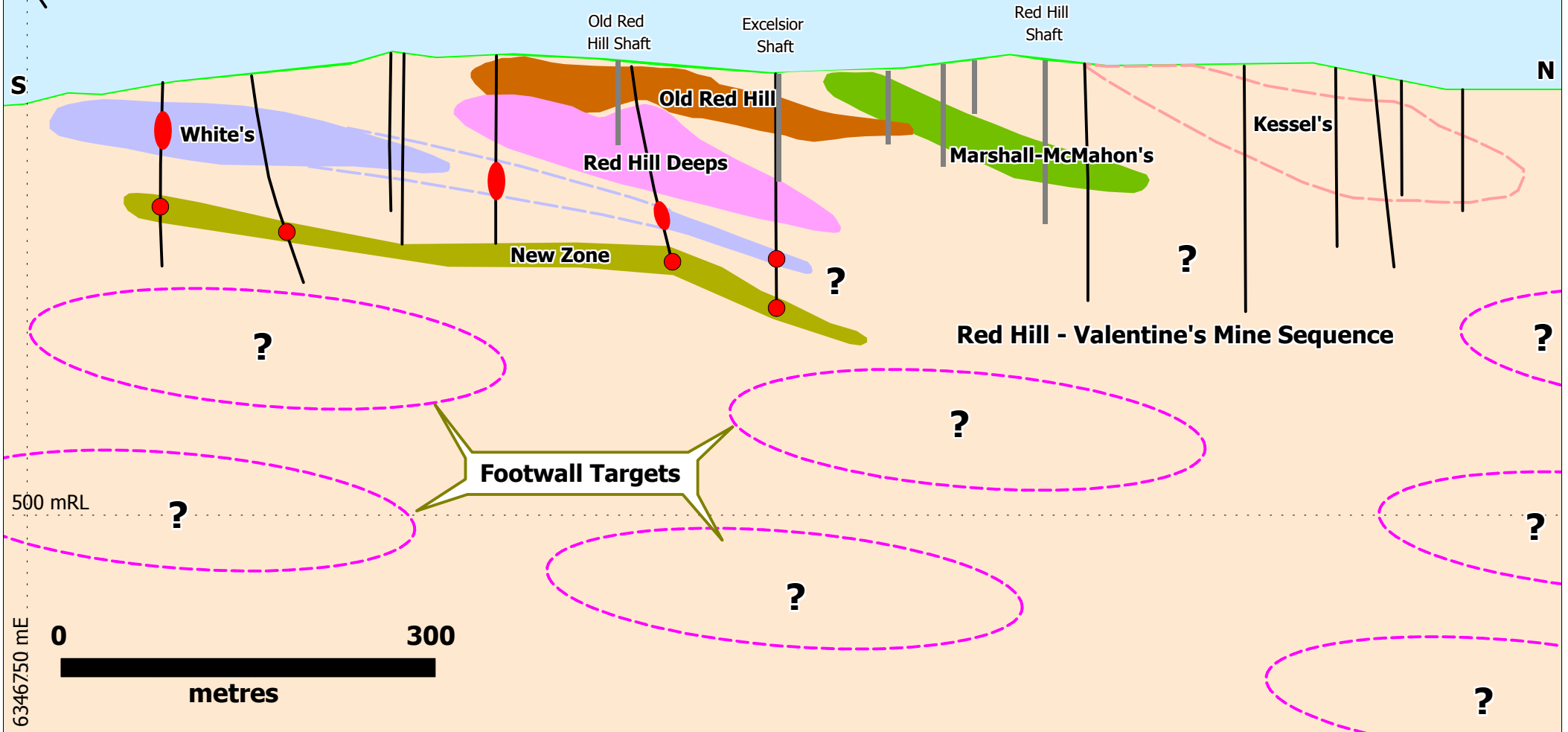


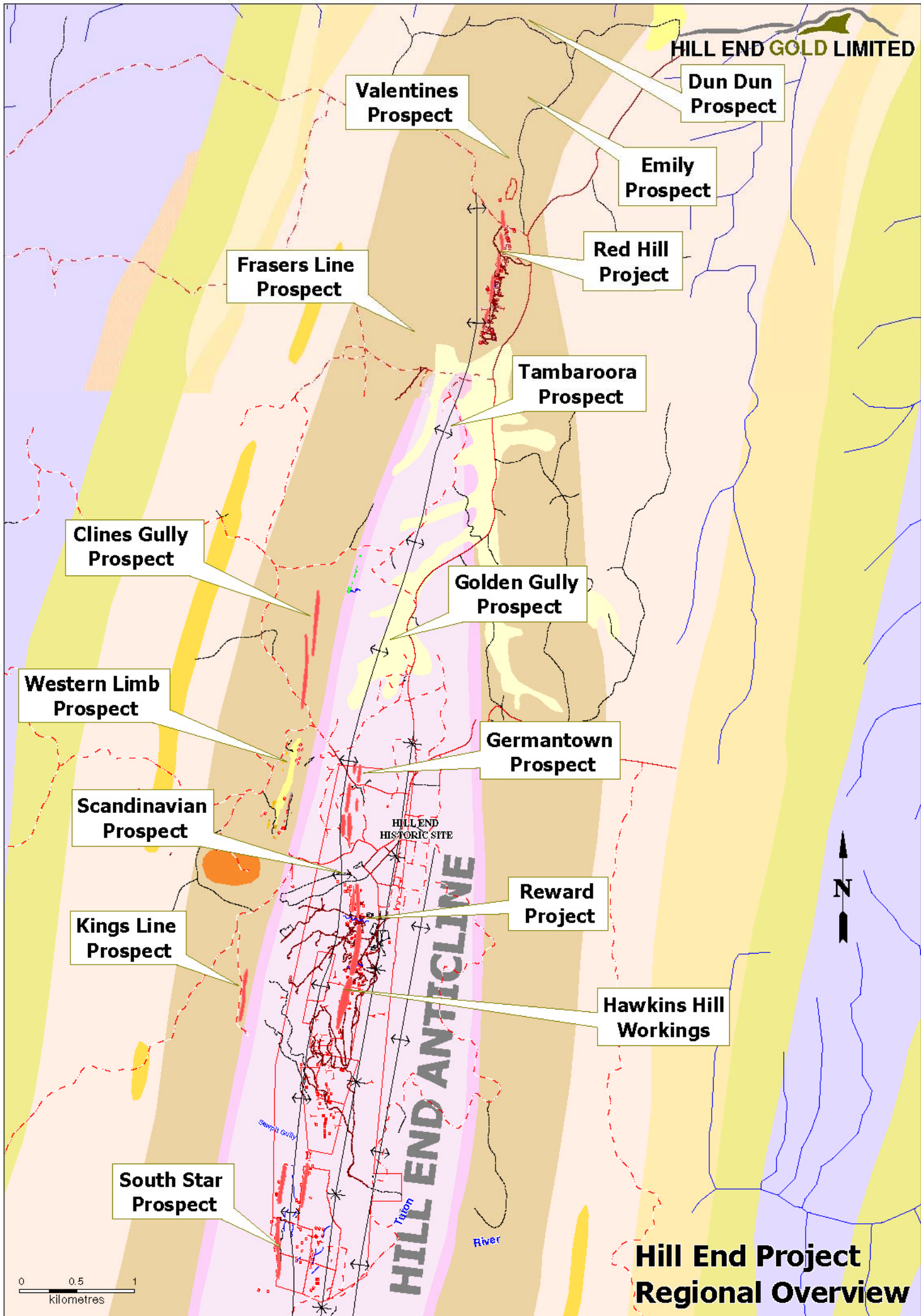
Recent Drilling Program Vein Sets Red Hill Project



● Significant New Drill Intercepts

Recent Drill Holes





**Hill End Project
Regional Overview**