
Report for June 2006 Quarter

31 July 2006

ASX Code : HEG, HEGO A

HIGHLIGHTS

- *An initial mineral resource of 130,000 ounces gold estimated for part of four vein sets in Reward area.*
- *\$2.1m first tranche in Senator \$16m Farm-In Agreement on track for late August.*
- *Drilling at Red Hill confirms Hawkins Hill – Reward style target and extends the near surface resource area with broad intersections of open pitable gold mineralisation.*
- *Four continuous vein sets identified in Red Hill area.*
- *Preliminary scoping study for Reward area commenced by Snowdens.*
- *Preparation for diamond drilling on Scandinavian and Germantown areas.*

CORPORATE

During the quarter Hill End Gold Limited entered into a Farm-in Agreement, subject to Canadian TSX-V approval, whereby Senator has the right to earn a 50% interest in the Hill End Gold Project in New South Wales, Australia by providing funding of A\$16 million to Hill End Gold over three years for exploration and development on the project. Conditional TSX-V approval for the arrangement, and the start of the 90 day funding period for the first tranche, was provided on 23 May 2006.

Senator is proceeding according to plan for the funding requirements under this agreement.

Updates and information for Senator Minerals Inc and their releases regarding Hill End Gold Limited are available on <http://www.senatorinc.com/news.htm>. TSX-V information regarding Senator is available on the TSX-Venture Exchange link :

http://infoventure.tsx.com/TSXVenture/TSXVentureHttpController?GetPage=CompanySummary&PO_ID=1063009

During the quarter Hill End Gold Limited ordinary shares were listed on the Frankfurt Stock Exchange with the ISIN Code AU000000HEG7 and German security identification number of WKN 813019. A link to review trading results on this exchange is :

http://aktien.onvista.de/kurse.html?ID_OSI=8054320

HILL END GOLD

Hill End Gold has expanded its holdings on the mineralised Hill End Anticline with the granting of EL6558. The company now has approximately 50 kilometres of the Hill End Anticline under tenement and has the majority of the historically rich Hill End goldfield.

Historical production from the Hill End goldfield was about 1.5 Moz of gold during the period 1850 to 1920 from surface and underground workings. Much of the historical production came from the Hawkins Hill Zone, which yielded over 400,000 ounces of gold often grading two ounces per tonne or more.

The field is known for its coarse gold, high grade deposits containing shoots of very high grade gold material. In 1872 the world's largest mass of gold ever hoisted to the surface, the Holtermann Nugget, was discovered at Hawkins Hill and weighed some 285 kilograms.

Gold mineralisation along the east flank of the Hill End Anticline is interpreted to occur as repeating zones shallow plunging down for over a kilometre length within a 50 – 100 metre wide mineralised corridor. Multiple parallel high grade vein sets carry shoots of various sizes in the host rocks and associated structures within broader areas of coarse gold mineralisation.

The historic Hawkins Hill 'shoot' was approximately 400 metres long, 40 metres wide and 50 metres deep. These broad zones and the high grade shoots within them are the targets of the current exploration activities, particularly along the ten kilometres of strike encompassing the Hawkins Hill, Reward, Scandinavian, Germantown and Red Hill project areas.

A targeted resource potential of 4 – 5 million ounces is interpreted below shallow workings within the recognised mineralised corridor in the central part of the under-explored Hill End Anticline.

The first mineral resource estimate for the Reward area was completed over part of the Hangingwall and Central group vein sets for 130,000 ounces gold.

A scoping study for a Reward area project development has commenced with Snowden Mining Industry Consultants, who have extensive experience in coarse gold projects similar to the Hill End mineralisation. The study will review the bulk sampling phase and potential operating project issues for the extended Reward area, including development plans, costs and schedule for a nominal bulk sampling exercise on the Reward / Scandinavian area and for future development / operating scenarios for the area.

Drilling on the Red Hill project area has identified a number of potential Hawkins Hill - Reward style targets and a broad zone of near surface open pittable mineralisation was intersected, which has extended the Old Red Hill resource area. Total drilling completed at Red Hill was thirty one holes for 1,879 metres of reverse circulation drilling and 655 metres of diamond.

Drilling on the Red Hill, Reward, Scandinavian and Germantown project areas will continue during the next quarter.

HAWKINS HILL – REWARD GOLD PROJECT

The Reward project area is 400 metres to the north along strike from the historic workings of Hawkins Hill. Drilling at Reward is targeting a number of high grade gold zones which are similar to the Hawkins Hill mineralisation.

Preparation for this initial resource estimate assisted in establishing confidence in the geological and grade continuity of the Hawkins Hill – Reward style of deposit. The Hawkins Hill - Reward mineralisation has a strike length of over a kilometre and is interpreted to extend to the north into the Scandinavian and Germantown areas for perhaps another kilometre.

The initial mineral resource estimate follows four years of historical research, geological data collection and modelling, underground exploration and surface diamond and reverse circulation drilling.

The inferred mineral resource estimate for the Reward area, for part of the Steven's, Paxton's, Mica and Phillipson's vein sets stands at:

680,000 tonnes at 6 g/t Au for 130,000 ounces gold (at 0 g/t Au cut-off grade)

The Reward area resource estimate is reported in accordance with the 2004 JORC Code and is classified as an inferred mineral resource. The estimate is based on diamond drilling in an area of approximately 300 metres along strike by 100 metres width to a maximum depth of 300 metres below surface. The average width of the vein sets is 3.3 metres and the dip length is approximately 50 metres. All of the vein sets are open along strike and some appear to be open both up and/or down dip.

Initial Hill End Reward Zone Gold Resource

INFERRED MINERAL RESOURCES – JUNE 2006			
Vein Set	⁽¹⁾Tonnage (tonnes)	⁽²⁾Gold Grade (g/t Au)	Contained Gold (ounces)
Steven's	230,000	3	23,000
Paxton's	65,000	7	13,500
Mica	215,000	7	48,500
Phillipson's	170,000	8	45,000
TOTAL	680,000	6	130,000

⁽¹⁾Tonnage figures are rounded to the nearest 5,000 tonnes.

⁽²⁾Global grade figure is rounded to the nearest whole g/t Au.

Our understanding of grade and geological continuity, and the nuggetty nature of the deposit, indicates that the amount of contained gold is likely to be under called. It is generally understood that diamond drilling assay results for coarse gold-bearing veins can understate the true grade by potentially 50% or more.

Deposits similar to Hawkins Hill and Reward, such as the Central Victorian Bendigo and Ballarat reefs, have seen significant upgrade factors determined for diamond drill core assays by correlating drillhole results with proximal bulk samples taken from ore development. Previous mining activity at Reward revealed very high-grade gold pods that had a limited strike and dip extent with a local increase in the mining grade to 10's oz/t Au or more. Such restricted, but highly economic pods, are unlikely to be resolved other than by underground development and sampling.

A preliminary scoping study for the development of the Reward area for bulk sampling and to examine project development issues has commenced with Snowden Mining Consultants with completion planned during the coming quarter.

RED HILL GOLD PROJECT

The Red Hill project is located over a zone of gold mineralisation and high grade workings of three kilometres in strike length and 50 to 100 metres in width, along the eastern flank of the Hill End Anticline. The Red Hill project area is approximately five kilometres to the north along strike from the Hawkins Hill and Reward deposits.

The Stage 2 drilling program at Red Hill completed 1,879 metres of reverse circulation drilling and 655 metres of diamond drilling in 31 holes.

The Stage 2 drilling program has successfully extended the Red Hill mineral resource area with a number of broad intersections on the Old Red Hill vein set and has confirmed a stratigraphic target of high grade mineralisation in a carbonaceous slate unit, which was previously intersected in the Red Hill shaft area.

A new resource estimate for Old Red Hill near surface mineralisation will include the planned infill and extension drilling. The previous inferred and indicated mineral resources estimate for the Red Hill area was done in 2004 and totalled 27,000 ounces of oxide and transition material in White's and Old Red Hill (inferred resource of 8,600 ounces in oxide material).

Gold mineralisation at Red Hill occurs in a similar geological setting to Hawkins Hill and Reward with gold in bedding and spur quartz veins in *en echelon* vein sets, which are interpreted to continue down plunge for a kilometre or more. Four shallow-plunging vein sets have been identified to date in the southern Red Hill area over a near surface strike length of 800 metres: White's, Red Hill Deeps, Old Red Hill and Marshall-McMahon. Additional areas along strike in the northern Red Hill area, which are yet to be drilled, are the Valentine's, Emily and Old Company workings.

The Stage 2 drilling program at Red Hill was designed to:

- Increase the oxide and transitional gold resource inventories of White's, the Old Red Hill and Marshal McMahon areas along strike and up and down dip;
- Establish strike continuity of gold mineralisation;
- Test for deeper gold mineralisation stratigraphically below the current mineral resources.

Reverse circulation drilling results have confirmed the continuity of a wide zone of gold mineralisation in the Old Red Hill vein set, previously drilled in hole RC32, which intersected 2.52g/tAu over 30 metres from surface (including 6.54g/tAu over 8 metres). The Old Red Hill vein set is now outlined by shallow drilling over a 200 metres strike length and up to 27 metres width.

Significant reverse circulation intersections on the Old Red Hill vein set include the following results:

RHRC88 with 1.94g/tAu over 20 metres from 27 metres;

RHRC89 with 2.83g/tAu over 9 metres from 32 metres;

RHRC90 with 2.04g/tAu over 25 metres from surface; and,

RHRC91 with 1.36g/tAu over 20 metres from 6 metres.

Further drilling on the Old Red Hill vein set is planned down dip and down plunge of the current drilling, and previous drilling by BHP in 1989 will be re-drilled since it is likely that the BHP drilling, sampling and assay methods have resulted in a low bias in the assays received.

An additional wide zone of shallow gold mineralisation was intersected near the Red Hill shaft in the Marshall – McMahon vein set with the following results:

RHRC84 with 2.43g/tAu over 22 metres from 4 metres.

Assay results have been received for the three diamond drill holes (RHD77,78,79) at Red Hill. Strong gold mineralisation was observed in two mineralised zones. The upper zone is in mudstone bedding similar to the outcropping workings at Red Hill and is interpreted to be the down plunge continuation of the Old Red Hill vein set. The lower zone is the Red Hill Deeps vein set of multiple quartz veins in a carbonaceous slate sequence approximately 5 – 10 metres below a prominent grit marker horizon (CGM). Both zones are accompanied by

pervasive silicification. Visible gold was noted in RHD78 and RHD79 in the carbonaceous slate mineralisation, which is a potential target for Hawkins Hill – Reward style deposits.

A mudstone unit immediately below the grit marker horizon is identified as a major proximal to distal facies change and could represent the contact between the Chesleigh Formation and the overlying Cookman Formation.

Significant intersections in the three diamond drill holes below the CGM include the following results:

**RHD77 with 6.08g/tAu over 0.10 metre from 180.5 metres;
and 1.34g/tAu over 0.15 metre from 213.15 metres;**

**RHD78 with 5.39g/tAu over 0.15 metre from 164.45 metres;
and 2.24g/tAu over 0.30 metre from 193.10 metres;**

**RHD79 with 16.95g/tAu over 0.10 metre from 94.70 metres;
and 26.00g/tAu over 0.10 metre from 108.10 metres.**

The grit marker / slate units and gold mineralisation were recorded in all three diamond drill holes over a strike length of approximately 250 metres. The continuity of gold mineralisation in these intersections demonstrates the prospectivity of the Red Hill area for high grade deposits similar to the Hawkins Hill – Reward deposits.

In the Red Hill project area, deep weathering to a depth of 70 metres and gently undulating topography is ideal for open pit development.

Previous metallurgical testing of oxide, transitional and primary samples from Red Hill indicated excellent gold recovery using simple gravity and leach processing at a relatively coarse grind. In summary, for all mineralisation categories:

- gold occurs as free gold and is liberated at a maximum particle size of 212 microns;
- gravity gold recovery averaged 77% and the remainder leached quite rapidly over approximately six hours;
- the total gold extraction for all samples was 98-99%.

A review of mining parameters has indicated that the weathered zone is quite soft for excavating and that the wide zones of mineralisation at White's and Old Red Hill will result in a low stripping ratio.

On 19 May 2006 an accident occurred at the rig at Red Hill causing serious injuries to two Hill End Gold personnel. Company emergency assistance and response procedures worked very well and a Careflight doctor from Orange was on site providing medical treatment within forty five minutes of the accident. While the injuries were serious, both men were discharged from hospital in a couple of days and have re-commenced work.

The drill rig involved in the accident was repaired, but we decided to have it demobilised, and the remaining 300 metres of diamond drilling at Red Hill, and additional drilling for Reward, Scandinavian and Germantown, all totalling 3,500 metres diamond drilling was re-tendered. A satisfactory rig was arranged and was expected to start at Hill End during July, however it was assigned elsewhere and subsequent tendering has identified a suitable rig, which is expected to be on site by the end of August.

Some assay results are awaited for the Stage 2 drilling program at Red Hill so further details will be reported at a later date. Significant quartz veining was intersected in RHRC101, 102 & 103 close to the surface in Whites area, results are currently awaited.

REWARD - SCANDINAVIAN AREA

The Scandinavian area is the northern strike continuation of the Reward mineralisation. Both the Scandinavian and the Robert Emmett Crosscourse, which separates Reward and Scandinavian, were mined with small scale mining during the 19th century. Historically, the crosscourse has been interpreted to be the northern limit of the Reward veins, however recent surface mapping has confirmed that the vein sets continue from Reward to Scandinavian without significant displacement.

Mining on the Robert Emmett Crosscourse produced ore up to 40 ounces per tonne (24 tonnes for 1,016 ounces – 1890), although it was only mined to the water table and is known to continue at depth. The final Scandinavian production during 1883-84 was 676 tonnes averaging 3.4oz/tAu.

Although both Scandinavian and Robert Emmett Crosscourse have had historically rich gold production there has been no mining below 60 metres and no modern exploration for a strike length of some two kilometres on the Scandinavian and Germantown workings.

GERMANTOWN AREA

The Germantown line of lode is along strike to the north of the Hawkins Hill-Reward-Scandinavian line of lode and is interpreted to be in the anticlinal saddle zone to the west of the main easterly dipping bedding vein sets.

Several small folds with a number of mineralised quartz veins have been observed in the anticlinal saddle zone. The mineralised quartz veins are near vertical, coincident with the axial plane of the anticline, and east and west dipping. The Germantown workings are approximately 200 metres wide and about one kilometre strike length. No modern exploration has been undertaken on the Germantown area and there is a high potential for continuity of the mineralisation at depth and to the east.

The Germantown workings may be veins which are the equivalent of the Reward Central Zone and Hangingwall Zone, or they may be higher in the stratigraphy depending on the plunge of the anticline.

Diamond drilling the Robert Emmett Crosscourse, Scandinavian and Germantown areas is planned for the coming quarter.

HILL END EXPLORATION

The Gowan exploration licence EL6558, which is located to the south of EL5868 was granted during the quarter. The EL6558 area covers the Hill End Anticline from south of the Bruinbin Granite to the Bathurst Batholith. The Hill End Fault, which is parallel to the axis of the anticline and is located on its eastern flank, is interpreted to be a deep structure originating in the basement of the Hill End Trough. Preliminary interpretation of available airborne geophysical data was completed by a consultant geophysicist during the quarter and a number of anomalies have been identified for field follow up. Reports of some historical workings on the licence will also be investigated during the coming quarter.

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

A handwritten signature in black ink, appearing to read 'Philip Bruce', with a horizontal line underneath.

Philip Bruce
Managing Director

Attached: - Significant Assays Stage 2 Red Hill drilling program
 - Reward Project Drillhole Location Plan
 - Red Hill Project Drillhole Location Plan
 - Hawkins Hill – Germantown Long Section

For further information contact Philip Bruce +61 412 409555

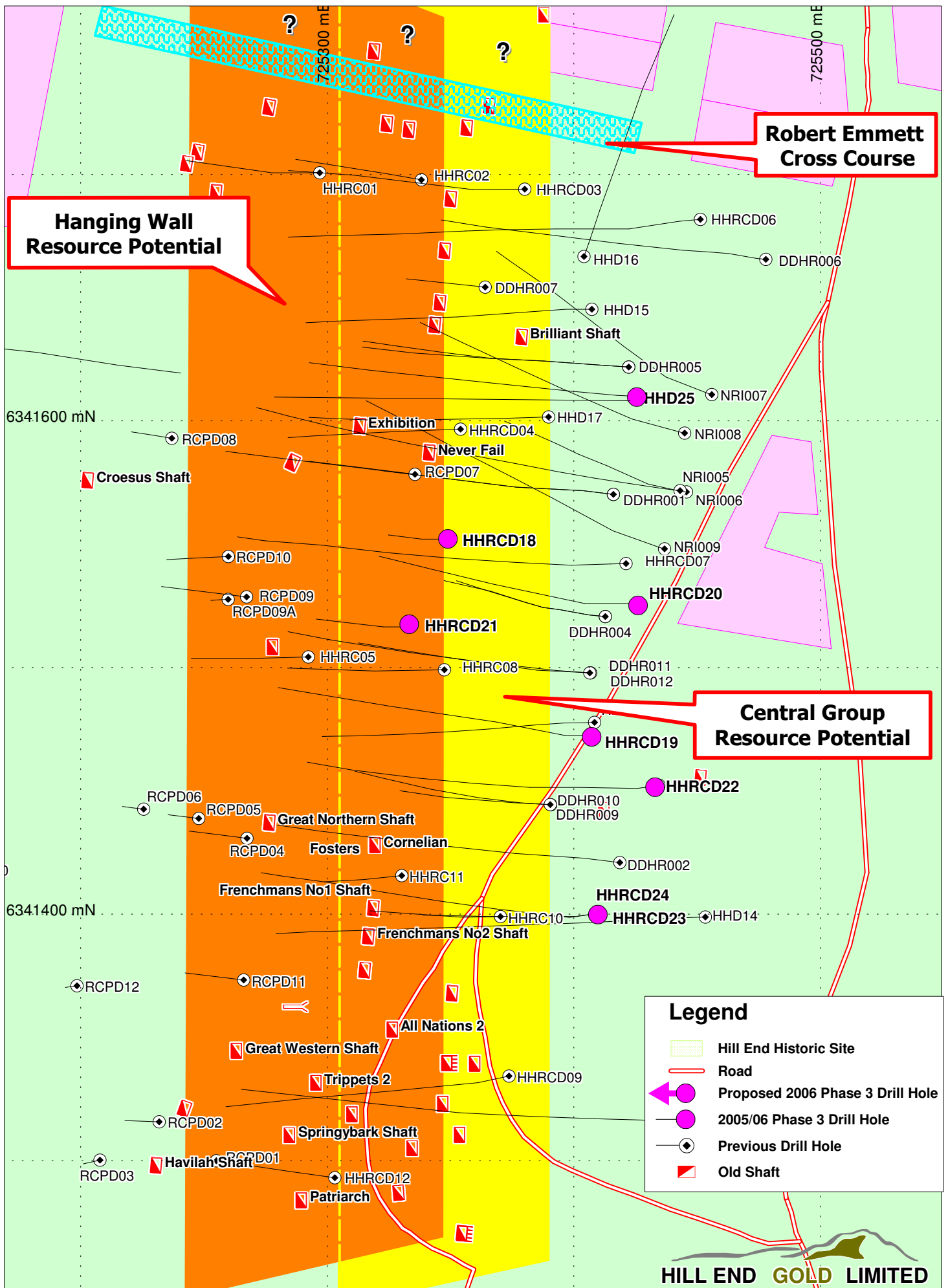
Significant assays from Stage 2 Red Hill drilling program

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA)	Total Depth (m)	From	To	Interval (m)	Gold Grade (g/t)
RHD77	726,714	6,347,510	-60	289	228.5	83.80	83.85	0.05	1.99
						100.85	100.95	0.10	1.35
						125.60	125.70	0.10	0.48
						134.50	134.60	0.10	0.42
						137.05	137.10	0.05	0.51
						138.02	138.10	0.08	0.38
						141.05	141.15	0.10	0.37
						180.50	180.60	0.10	6.08
					213.15	213.30	0.15	1.34	
RHD78	726,671	6,347,413	-60	289	200.3	164.45	164.60	0.15	5.39
						193.10	193.40	0.30	2.24
RHD79	726,600	6,347,289	-60	289	150.5	94.35	94.40	0.05	0.70
						94.70	94.80	0.10	16.95
						105.45	105.55	0.10	0.43
						108.10	108.20	0.10	26.00
						110.60	110.90	0.30	0.88
						141.10	141.20	0.10	1.96
						124.50	124.60	0.10	1.36
					134.20	134.30	0.10	1.22	
RHRC80	726,618	6,347,509	-60	289	75	54.00	55.00	1.00	0.61
						66.00	67.00	1.00	1.00
RHRC81	726,650	6,347,479	-60	289	75	46.00	47.00	1.00	1.08
						58.00	59.00	1.00	0.44
RHRC82	726,625	6,347,462	-60	289	75	30.00	31.00	1.00	0.52
						43.00	44.00	1.00	1.64
						61.00	62.00	1.00	1.10
RHRC83	726,574	6,347,445	-60	289	75				NSA
RHRC84	726,601	6,347,420	-60	289	72	4.00	5.00	1.00	0.70
						5.00	6.00	1.00	2.20
						8.00	9.00	1.00	5.67
						10.00	11.00	1.00	1.30
						13.00	14.00	1.00	2.46
						14.00	15.00	1.00	1.84
						15.00	16.00	1.00	16.05
						16.00	17.00	1.00	5.54
						17.00	18.00	1.00	4.33
						19.00	20.00	1.00	1.30
						20.00	21.00	1.00	0.58
						21.00	22.00	1.00	0.95
						22.00	23.00	1.00	1.47
23.00	24.00	1.00	1.46						
24.00	25.00	1.00	3.92						
25.00	26.00	1.00	0.54						
30.00	31.00	1.00	1.09						
31.00	32.00	1.00	1.97						
32.00	33.00	1.00	0.42						
33.00	34.00	1.00	0.54						
65.00	66.00	1.00	0.48						
RHRC85	726,589	6,347,369	-60	289	73	0.00	1.00	1.00	0.51
						17.00	18.00	1.00	0.69
						50.00	51.00	1.00	1.53
						51.00	52.00	1.00	0.64

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA)	Total Depth (m)	From	To	Interval (m)	Gold Grade (g/t)
RHRC86	726,538	6,347,362	-60	289	50				NSA
RHRC87	726,532	6,347,249	-60	289	50				NSA
RHRC88	726,570	6,347,271	-60	289	73	20.00	21.00	1.00	0.86
						22.00	23.00	1.00	0.90
						25.00	26.00	1.00	0.44
						27.00	28.00	1.00	0.52
						28.00	29.00	1.00	1.65
						29.00	30.00	1.00	3.53
						30.00	31.00	1.00	0.86
						31.00	32.00	1.00	0.46
						32.00	33.00	1.00	22.20
						37.00	38.00	1.00	1.46
						38.00	39.00	1.00	0.60
						39.00	40.00	1.00	4.37
						40.00	41.00	1.00	0.73
						41.00	42.00	1.00	1.22
						46.00	47.00	1.00	2.31
						52.00	53.00	1.00	0.40
						66.00	67.00	1.00	1.52
RHRC89	726,579	6,347,323	-60	289	73	0.00	1.00	1.00	1.51
						6.00	7.00	1.00	0.85
						29.00	30.00	1.00	0.63
						32.00	33.00	1.00	0.53
						33.00	34.00	1.00	2.09
						34.00	35.00	1.00	1.12
						35.00	36.00	1.00	1.32
						36.00	37.00	1.00	2.16
						36.00	37.00	1.00	1.64
						37.00	38.00	1.00	3.94
						38.00	39.00	1.00	8.43
						39.00	40.00	1.00	2.54
						40.00	41.00	1.00	3.58
RHRC90	726,560	6,347,214	-60	289	73	0.00	1.00	1.00	2.33
						2.00	3.00	1.00	0.74
						3.00	4.00	1.00	1.48
						8.00	9.00	1.00	2.17
						9.00	10.00	1.00	5.49
						10.00	11.00	1.00	2.81
						11.00	12.00	1.00	5.51
						12.00	13.00	1.00	0.95
						13.00	14.00	1.00	0.74
						14.00	15.00	1.00	0.77
						15.00	16.00	1.00	0.90
						16.00	17.00	1.00	1.13
						17.00	18.00	1.00	0.44
						18.00	19.00	1.00	14.55
						19.00	20.00	1.00	1.18
						20.00	21.00	1.00	1.06
						21.00	22.00	1.00	5.41
						22.00	23.00	1.00	1.60
						23.00	24.00	1.00	0.54
						24.00	25.00	1.00	0.48
						36.00	37.00	1.00	0.44
						40.00	41.00	1.00	0.45
						41.00	42.00	1.00	0.75

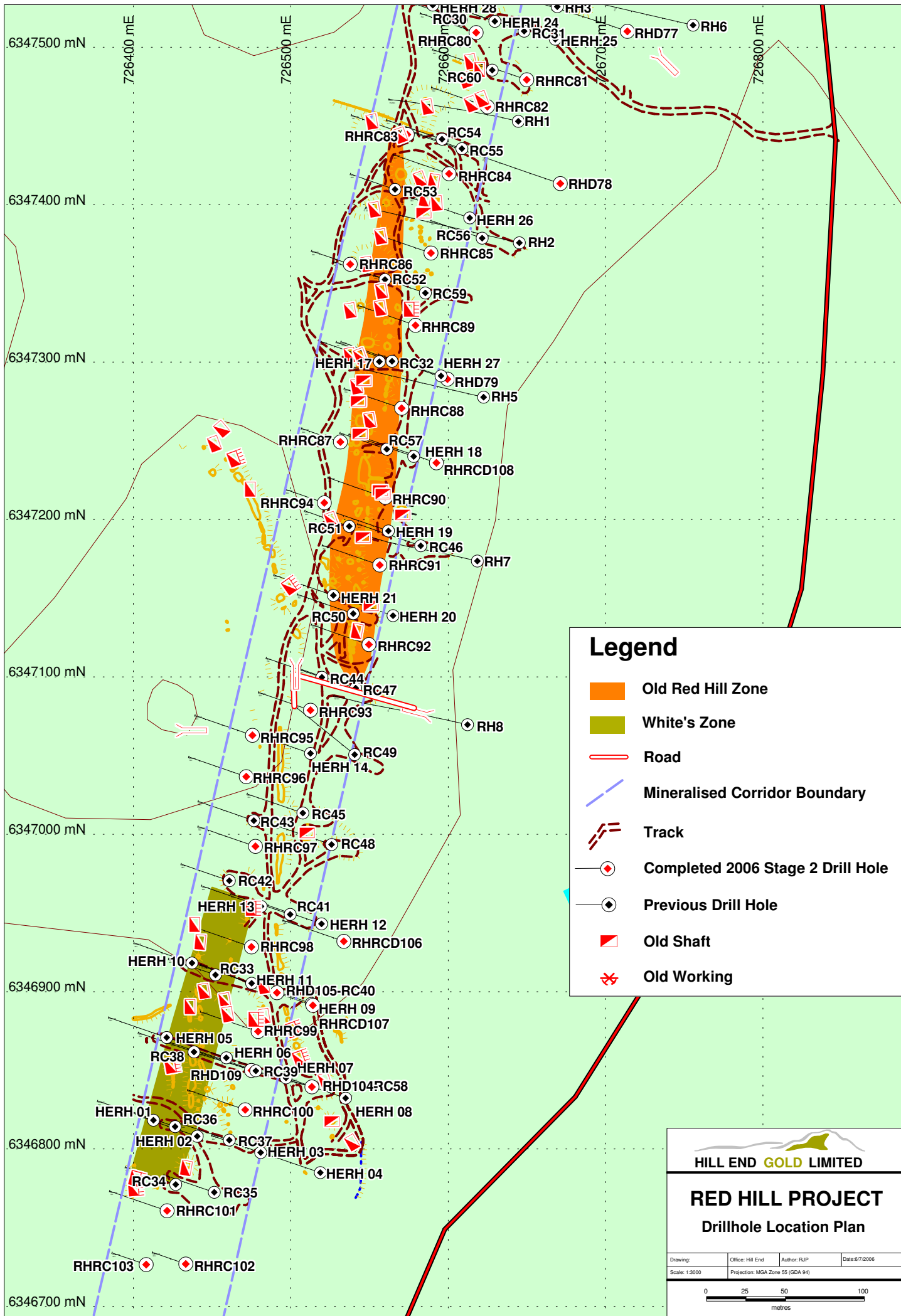
Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA)	Total Depth (m)	From	To	Interval (m)	Gold Grade (g/t)
						58.00	59.00	1.00	7.73
						60.00	61.00	1.00	0.60
						61.00	62.00	1.00	1.38
RHRC91	726,557	6,347,171	-60	289	73	4.00	5.00	1.00	0.44
						5.00	6.00	1.00	0.46
						6.00	7.00	1.00	4.51
						7.00	8.00	1.00	0.56
						8.00	9.00	1.00	2.25
						9.00	10.00	1.00	1.06
						10.00	11.00	1.00	2.04
						11.00	12.00	1.00	0.49
						12.00	13.00	1.00	1.71
						14.00	15.00	1.00	0.51
						15.00	16.00	1.00	0.95
						16.00	17.00	1.00	1.50
						17.00	18.00	1.00	1.23
						20.00	21.00	1.00	1.77
						21.00	22.00	1.00	4.38
						22.00	23.00	1.00	1.11
						23.00	24.00	1.00	0.95
						25.00	26.00	1.00	0.86
						26.00	27.00	1.00	0.31
						30.00	31.00	1.00	3.73
						36.00	37.00	1.00	0.73
						55.00	56.00	1.00	1.51
RHRC92	726550	6347121	-60	289	73	9.00	10.00	1.00	2.75
						10.00	11.00	1.00	0.53
						11.00	12.00	1.00	0.93
						13.00	14.00	1.00	0.40
						49.00	50.00	1.00	1.11
RHRC93	726513	6347079	-60	289	66				NSA
RHRC94	726521	6347211	-60	289	50				NSA
RHRC95	726476	6347063	-60	289	73				NSA
RHRC96	726472	6347037	-60	289	73				NSA
RHRC97	726478	6346992	-60	289	73	51.00	52.00	1.00	0.41
RHRC98	726475	6346928	-60	289	73	18.00	19.00	1.00	0.53
						24.00	25.00	1.00	0.41
						40.00	41.00	1.00	1.66
						47.00	48.00	1.00	0.78
						53.00	54.00	1.00	1.27
						60.00	61.00	1.00	0.77
						61.00	62.00	1.00	0.40

Samples submitted for assay were 1kg splits of 1m RC samples, except HHRCD, HHD and RHD holes which were half HQ3 core. All gold content by Screen Fire Assay by ALS Chemex Laboratory in Orange, NSW, Australia. True widths are approximately 90% of the measured down hole intervals. Minimum assay value to be significant is 0.4g/tAu. NSA means no significant results.



REWARD PROJECT - HILL END NSW

Drill Hole Location Plan with Hanging Wall & Central Zone Resource Potential



HAWKINS HILL to GERMANTOWN REWARD AREA RESOURCE & HIGH GRADE TARGET ZONES

