

Report for September 2005 Quarter

31 October 2005

ASX Code : HEG

HIGHLIGHTS

- *The Reward drilling assay results just received have a number of high grade intervals and broad zones of up to 80 metres true width containing multiple quartz veins carrying coarse gold.*
- *The results confirm the geological model of the Reward deposit.*
- *Diamond drilling at Reward infilled and extended the outline of the gold mineralisation with a target scope of 500,000 – 1,000,000 tonnes averaging between 10 and 20 g/tAu.*
- *Further infill drilling of the Reward deposit and scout drilling of a new high grade target of the Hawkins Hill – Reward style at Red Hill will commence in the first week of December.*
- *A placement to raise up to \$3m to undertake an aggressive drilling program at Reward, Red Hill and other highly prospective areas at Hill End is being completed and is to be approved at the Annual General Meeting.*

CORPORATE

The Company has announced a placement raising gross proceeds of \$3,000,000 from the issue of 37,500,000 ordinary fully paid shares at 8 cents per share and 37,500,000 options exercisable at 15 cents and expiring 31 May 2007. The placement is to be approved at the Annual General Meeting of shareholders to be held on 28 November 2005.

HILL END GOLD

Hill End Gold has the majority of the Hill End goldfield under tenement with high potential targets ready for drilling. We have a targeted resource potential of 4 – 5 million ounces below high grade workings along the almost unexplored Hill End Anticline.

HEG growth objectives are to discover and develop substantial gold deposits and to acquire projects to increase its share price and asset value.

HAWKINS HILL – REWARD GOLD PROJECT

Reward drilling

During the quarter, stage two diamond drilling program was completed in the Reward area to follow up from the successful stage one program completed earlier in the year. Screen fire assays for most of the holes were returned at the end of October 2005 and those received prior to this report are attached. The assay results are in line with expectations with a number of high grade intervals of gold mineralisation and broad zones of gold mineralisation of up to 80 metres true width containing multiple quartz veins carrying coarse gold.

Five diamond holes were completed totalling 1349.3 metres. Drilling conditions were generally good with excellent core recovery. Some better downhole intersections within wide zones of mineralisation include:

- Hole HHD013 with 7.54g/tAu over 1.78m at 238.29m.
- Hole HHD014 with 28.5g/tAu over 0.42m at 279.09m and 12.77g/tAu over 1.0m at 288.23m; and
- Hole HHD017 with 18.15g/tAu over 0.49m at 143.06m and 17.0g/tAu over 0.33m at 161.21m;

Diamond drill sampling of quartz veins containing coarse gold such as at Reward has traditionally underestimated gold grades. Bulk sampling and production mining of similar mineralised material at Bendigo, Victoria has resulted in substantially higher average gold grades than indicated by diamond drilling.

The Reward drilling results will be reported on more fully when reviewed over the next few weeks.

The Reward drilling target is within an interpreted structural corridor hosting the majority of the high grade deposits at Hill End. Many previous drill holes in the Reward area stopped east of the now recognised structural corridor. Although several of these holes did pass through the structural corridor and intersected visible gold, assaying of those drill holes has

potentially under-reported gold grades owing to the use of conventional fire assay techniques instead of screen fire assaying.

Mapping and interpretation of the northerly extension of the Reward deposit, the Scandinavian area and the Germantown workings, approximately 500 metres to the north of Reward is in progress.

It has been identified that the Reward deposit is likely to extend down plunge to the north to below the Germantown workings in the Golden Mile area. Drilling is being planned for the Germantown area where there has been no drilling yet within the mineralised structural corridor.

HILL END EXPLORATION

Red Hill

Drilling is planned in the coming quarter at Red Hill to drill below the outcropping mineralisation. The old workings at Red Hill are hosted by greywacke/sandstone while at a depth of 100 metres, historical mining and diamond drilling during the 1980's have identified a broad slaty unit, which is similar to the mineralised slates at Hawkins Hill – Reward.

Attribution

Exploration comment and data herein are based on information provided by either Mr John Gallo of JNK Exploration Services or Mr Philip Bruce. Both Mr Gallo and Mr Bruce are Fellows of the Australasian Institute of Mining and Metallurgy and both Mr Gallo and Mr Cooper have sufficient relevant experience in the styles of mineralisation being reported on to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves".

Yours faithfully



Philip Bruce
Managing Director

Attached: - Table of Second Stage Reward Drilling Results
 - Exploration Tenements and Regional Geology
 - Reward Area Drilling Program

Reward Area – Second Stage Diamond Drilling significant assay results

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA)	Hole Depth (m)	From (m)	To (m)	Interval	Gold Grade (g/t)*
HHD13	725408.35	6341477.76	-65	268	318.5	6.94	7.00	0.06	1.61
						152.80	152.88	0.08	0.86
						183.69	183.86	0.17	0.49
						194.16	194.47	0.31	4.14
						216.86	216.98	0.12	0.34
						219.33	219.80	0.47	26.20
						223.30	223.55	0.25	5.98
						233.10	233.27	0.17	4.23
						235.20	235.33	0.13	5.26
						238.09	238.14	0.05	1.69
						238.29	238.40	0.11	88.80
						239.31	239.45	0.14	2.85
						239.65	239.76	0.11	18.60
						239.86	240.07	0.21	5.79
						245.02	245.38	0.36	8.42
						246.68	246.83	0.15	1.58
						246.83	247.00	0.17	0.67
249.43	249.57	0.14	2.49						
254.26	254.43	0.17	0.65						
256.62	257.12	0.50	8.97						
260.89	261.04	0.15	0.51						
262.22	262.36	0.14	1.85						
262.79	262.95	0.16	27.40						
264.56	264.80	0.24	4.78						
291.40	291.57	0.17	1.72						
311.10	311.31	0.21	0.87						
HHD14	725453.27	6341398.81	-60	268	351.4	231.49	231.62	0.13	0.62
						253.21	253.35	0.14	0.82
						256.67	256.83	0.16	1.30
						270.59	270.68	0.09	2.19
						272.29	272.37	0.08	2.42
						275.73	276.00	0.27	4.06
						276.18	276.34	0.16	0.86
						279.09	279.51	0.42	28.50
						283.46	283.60	0.14	37.70
						288.23	288.38	0.15	70.40
						288.58	288.68	0.10	0.89
288.97	289.13	0.16	10.95						
289.13	289.23	0.10	3.70						
324.56	324.77	0.21	5.06						
HHD15	725407.26	6341645.26	-65	270	249.5	131.44	131.51	0.07	73.10
						148.29	148.45	0.16	0.46
						148.45	148.72	0.27	10.50
						148.90	149.45	0.55	0.44
						150.10	150.60	0.50	5.74
						152.76	153.07	0.31	0.44
						162.50	162.53	0.03	113.50
						168.77	168.82	0.05	0.54
207.07	207.77	0.70	4.10						

*Gold content by Screen Fire Assay of half HQ3 core.

Assays are of intervals greater than 0.3g/t.

True widths are approximately 90% of the measured down hole intervals.

Mine and Administration
C/o Hill End Post Office
Hill End NSW 2850
Phone 02 63378319
Fax 02 63378133

Exploration
Bowen Street
Hill End NSW 2850
Phone 02 63378343
Fax 02 63378345

Sydney
Suite 1310, 3 Spring Street
Sydney NSW 2000
Phone 02 82494416

Registered Office
P O Box 92 Earlville QLD 4870
Phone 07 4033 1805
Fax 07 4033 6415

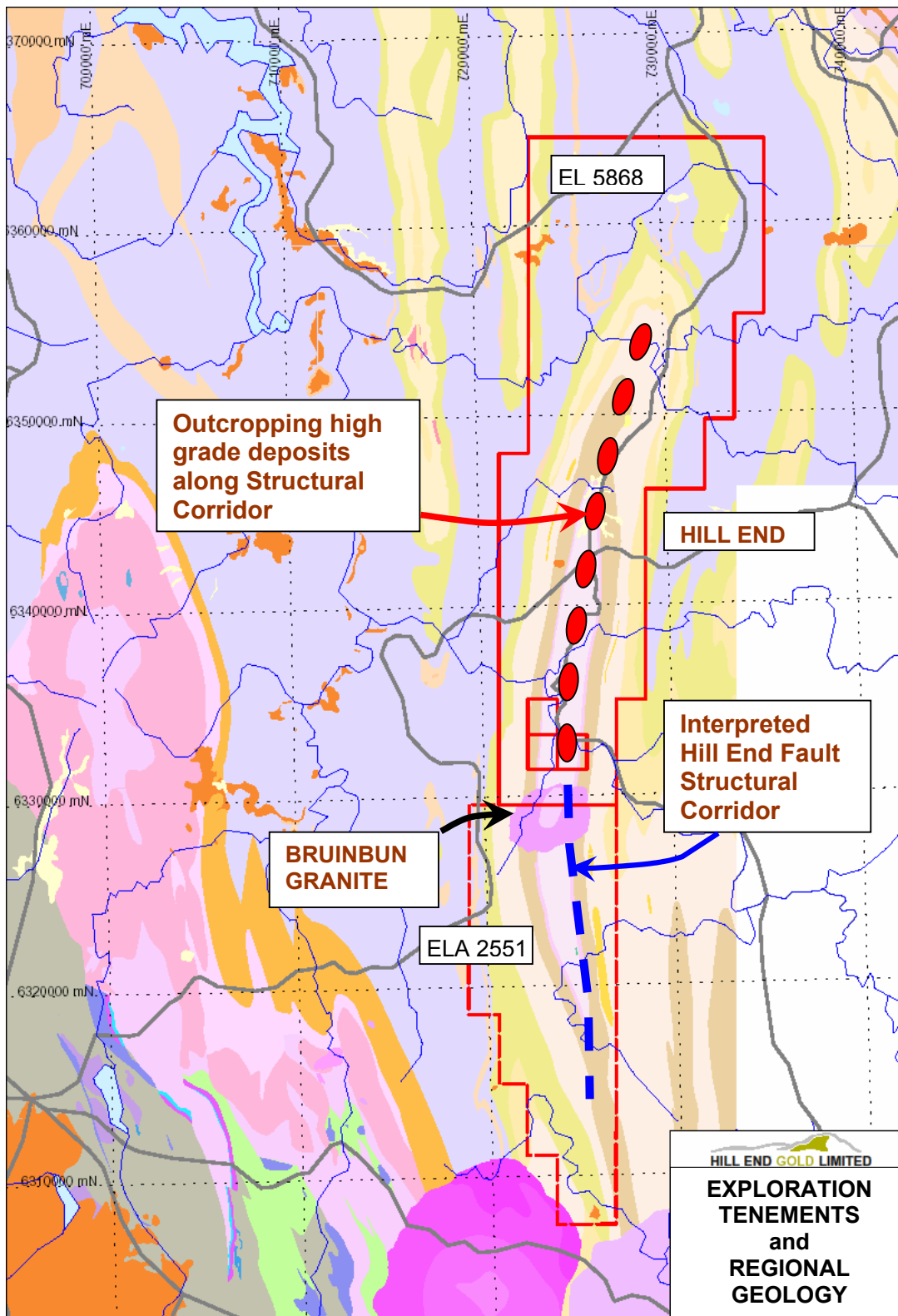
Reward Area – Second Stage Diamond Drilling significant assay results

Hole Number	MGA Easting	MGA Northing	Dip (°)	Azimuth (MGA)	Total Depth (m)	From (m)	To (m)	Interval	Gold Grade (g/t)*
HHD16	725404.05	6341666.71	-55	20	180.3	No significant			
HHD17	725389.69	6341601.66	-70	268	249.5	127.31	127.39	0.08	2.96
						143.06	143.55	0.49	18.15
						146.51	146.69	0.18	28.90
						147.89	148.27	0.38	1.01
						149.37	149.74	0.37	1.52
						150.39	150.60	0.21	3.27
						152.35	152.58	0.23	1.60
						152.60	152.99	0.39	1.26
						153.30	153.50	0.20	0.92
						153.59	153.93	0.34	0.90
						155.39	155.69	0.30	6.05
						159.68	159.79	0.11	7.77
						161.21	161.54	0.33	17.00

*Gold content by Screen Fire Assay of half HQ3 core.

Assays are of intervals greater than 0.3g/t.

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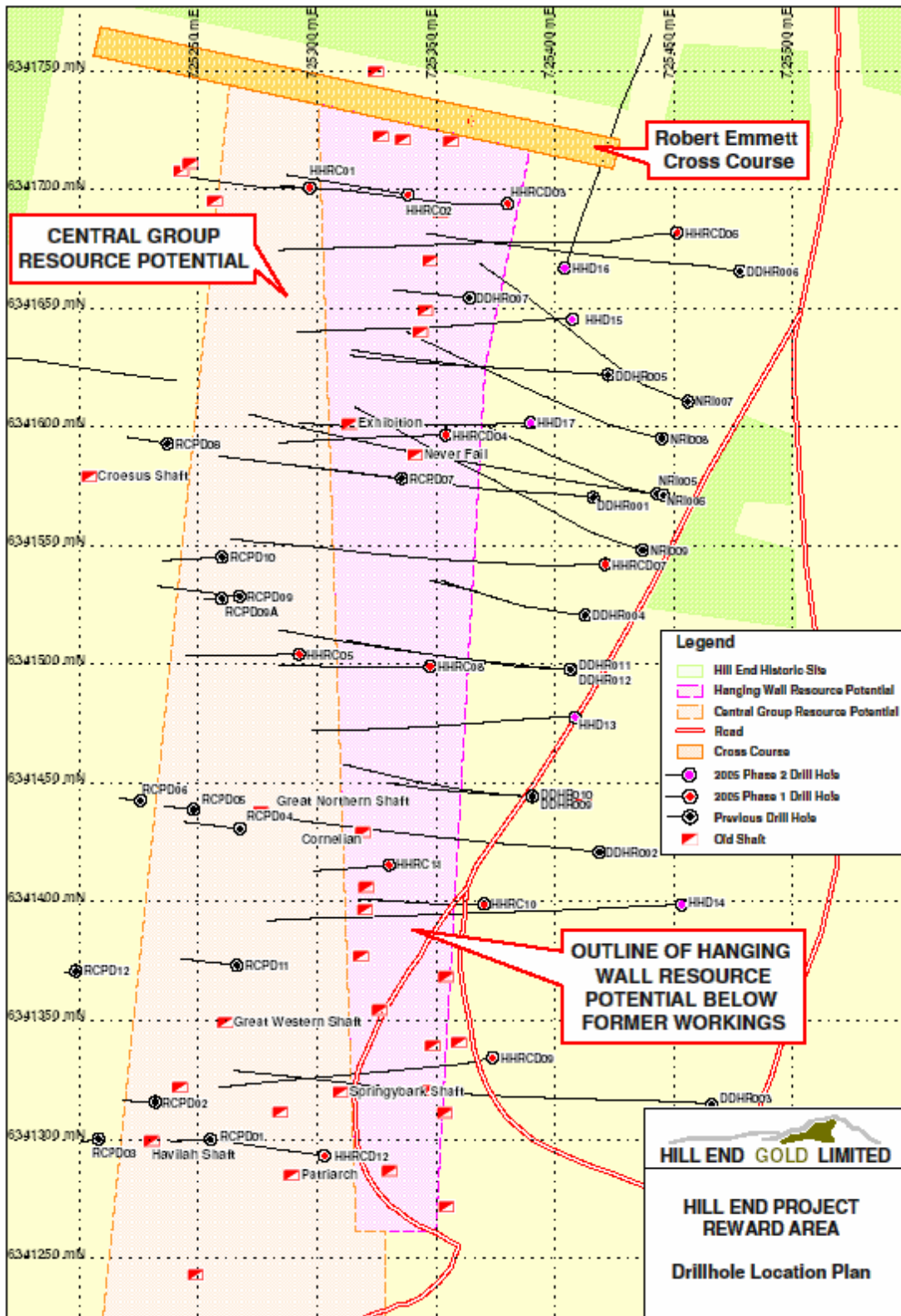


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