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**PAGES: 5**

## **FOR PUBLIC RELEASE**

### **HERITAGE GOLD REPORTS DRILLING RESULTS FROM THE WAIHI DISTRICT, NZ**

Heritage Gold today announced the latest results from its Rahu drilling programme in the Coromandel, New Zealand.

Results from holes 7 and 8 show encouraging gold grades in hydrothermal breccias. Today's results point towards gold mineralisation extending over a total strike length of approximately 1300 metres.

Heritage Gold managing director Peter Atkinson says in Hole 8 a 34 metre wide zone of strong gold and silver mineralisation was intersected from 59 to 93 metres down-hole. "Hole 8 into the main geophysical anomaly was designed to pass about 100 metres under hole 2. However the mineralisation was encountered much shallower than anticipated."

Mr Atkinson said Hole 8 demonstrated the continuity and substantial nature of the mineralised structure.

Hole 7 targeted geophysical anomalies, to the east of the main anomaly, with no strong surface indications of gold. However, the hole intersected two zones of strong gold mineralization in hydrothermal breccias. "The results are encouraging and may indicate the existence of a new strongly gold mineralised structure at depth with economic potential. The results have certainly raised our expectations," Mr Atkinson says.

Higher grade feeder veins are expected to occur below the hydrothermal breccias.

Mr Atkinson noted that the results from the latest holes confirm the company's geological model of the mineralised system. "The gold grades in holes 7 and 8 indicate that gold is dispersed in the upper parts of an extensive epithermal system," he says.

The next step is to look for feeder vein zones that may contain higher gold grades. "Heritage is continuing to drill below the previous holes to identify the geological structure, which means later holes can be targetted more accurately."

Heritage Gold is drilling ahead and the findings will be released as they become available.

A full report of the drill results is attached to this announcement.

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### **About Heritage Gold**

Heritage listed on the NZX in 1986 and has a current market capitalisation of approximately \$14 million. Heritage is also listed on the ASX and the National Stock Exchange of Australia. The company has valuable gold assets in the Waihi district of New Zealand, where it is a major tenement holder. Heritage also owns 33% of Broken Hill Cobalt Ltd in Australia and has applied for several permits to prospect for gold, silver, copper, and base metals in Northland, about 150km north of Auckland, New Zealand. Heritage has entered into a joint venture to explore for uranium in the Dunmarra Basin of the Northern Territory.

## APPENDIX

### Drill Holes 7 and 8 at Rahu Ridge, Karangahake (NZ)

As in previous holes in this programme, diamond drill holes RHDD-07 and RHDD-08 have intersected broad zones of anomalous gold and silver mineralisation. These are within quartz veined and hydrothermally altered andesite, and silicified and hydrothermally brecciated volcanic derived sediments and andesites. They include:

- in hole 7 at a hole depth of 64 metres and extending to 83 metres (19 metres down-hole width), and from 206 to 210 metres (4 metres down-hole width);
- in hole 8 starting at 57 metres and extending to a hole depth of 93 metres (36 metres down-hole width).

Drilling has confirmed that the features of the hydrothermal alteration are consistent with it being at a high level in the epithermal system and widely mineralised. Higher grade feeder veins are expected to occur below the hydrothermal breccias that are being drilled, as the geological setting appears to have strong similarities to Newmont's Favona deposit.

Rahu Ridge is interpreted as the northern strike extension of the Karangahake vein system and hole 1 is about two kilometres (km) north of Karangahake.

Hole 7 is approximately 930 metres (m) south of hole 1, and hole 8 is about 560m south west of hole 1.

The Karangahake mining centre produced 1 million ounces of gold and 3 million ounces of silver, mostly from the Talisman mine. It lies within a hydrothermal alteration zone that covers about 15 square kilometres.

## RESULTS

### Hole 7

RHDD-07 intersected 19m wide and 4m wide zones of strongly anomalous gold/silver mineralisation.

The interval from 64 to 83m (down-hole width 19m) averaged 0.57 grams/tonne (g/t) gold and 2.0 g/t silver, including a 5m zone from 72m that averaged 1.07 g/t gold and 2.3 g/t silver. The 4m interval from 206 to 210m down-hole averaged 0.44 g/t gold and 1.8 g/t silver.

The mineralised intercepts generally correlate with moderately silicified polymictic breccias, with milled clasts of andesite dominating the breccia fragments. A moderately silicified sandy matrix, with pervasive clay alteration and disseminated pyrite, provides evidence of high hydrostatic pressure and fluid flow during mineralisation.

### Hole 8

RHDD-08 intersected 33m (down-hole) of strongly silicified, polymictic hydrothermal breccia from 57m.

Assay results in the mineralised zone show a broad zone of strongly anomalous gold and silver from 59m to 93m. This 34m zone averaged 0.45 g/t gold and 7.04 g/t silver, including 9m at 0.78 g/t gold and 4.60 g/t silver from 82m depth, including 2m at 1.34 g/t gold and 6.6 g/t silver from 86m down-hole.

In addition, 3m grading 1.14 g/t gold was intersected from a down-hole depth of 103m. Assays awaited for the remainder of the hole from 109 to 168m are not expected to add materially to this information.

Hole	NZMG Co-ords	Bearing (True)	Dip	Depth (metres)	Downhole Intersections
RHDD-07	2752056mE 6417036mN 143.0m RL	290°	-47°	219.6m	64-83m: 19m @ 0.57 g/t Au, 2.0 g/t Ag incl 72-77m: 5m @ 1.07 g/t Au, 2.3 g/t Ag 206-210m: 4m @ 0.44 g/t Au, 1.8 g/t Ag

Hole	NZMG Co-ords	Bearing (True)	Dip	Depth (metres)	Downhole Intersections
RHDD-08	2751808mE 6417625mN 121.0m RL	110°	-70°	167.85	59-93m: 34m @ 0.45 g/t Au, 7.0 g/t Ag incl. 82-91m: 9m @ 0.78 g/t Au, 4.6 g/t Ag; and 86-88m: 2m @ 1.34 g/t Au, 6.6 g/t Ag  103-106m: 3m @ 1.14 g/t Au

## TARGETS

### Hole 7

The hole, inclined at 47° below horizontal, was sited to test beneath the convergence of two geophysical anomalies that represent strongly resistive zones. Although surface outcrops were not strongly gold anomalous, the hole did intersect two zones of strong gold mineralisation in hydrothermal breccias and quartz veined breccias at depth. The results are encouraging and may indicate the existence of a strongly gold mineralised structure at depth under the geophysical anomaly.

### Hole 8

Hole 8, angled at 70° below horizontal, was collared on the western side of a resistivity anomaly and drilled in a north east direction. The hole was designed to pass about 100m beneath the gold mineralisation intersected in diamond drill hole 2 and RC hole 2. The mineralisation was encountered at 57m down hole, much shallower than anticipated. This may be due to post mineral faulting displacing the mineralised structure westward. However, the hole did demonstrate continuity of the substantial mineralised structure that has the potential to develop into higher grade veins at depth.

## OBJECTIVE

The drilling programme is designed to test below previous shallow reverse circulation (RC) drill holes which encountered gold mineralisation at several locations in a 1.3 km section of the 2 km long Rahu Ridge zone.

The previous exploration work has highlighted three parallel gold mineralised structures and two of these are being drilled in the present programme.

The Rahu Ridge zone is interpreted as being the northern extension of the same epithermal system responsible for the gold deposits at Karangahake to the south.

Based on the geological model developed to date, and the resistivity anomalies, it is expected that gold values are likely to improve at depth within the mineralised hydrothermal system. The current holes are being drilled generally 40-50m below the earlier RC drill holes.

The objective is to identify additional resources to supplement the existing gold and silver resource located in the Talisman Mine at Karangahake. The present programme will indicate whether a further gold resource is likely to be defined at Rahu Ridge by this and subsequent drilling programmes.

### Notes on Drilling and Sampling:

1. HQ triple tube sized diamond drill core used for the holes being reported.
2. All drill core was geologically logged, and cut by diamond saw. Half core samples, each approximately 1 metre in length, or as defined by the geology within highly mineralised sections, were submitted to SGS Laboratories in Waihi for analysis. Zones with no visible mineralisation were submitted as 2 metre samples.
4. Gold was analysed by fire assay, using a 50g charge, and silver by atomic absorption spectrophotometry (AAS).
5. A system of standards, duplicate samples and check assays was used to confirm tenor and integrity of the assay database.

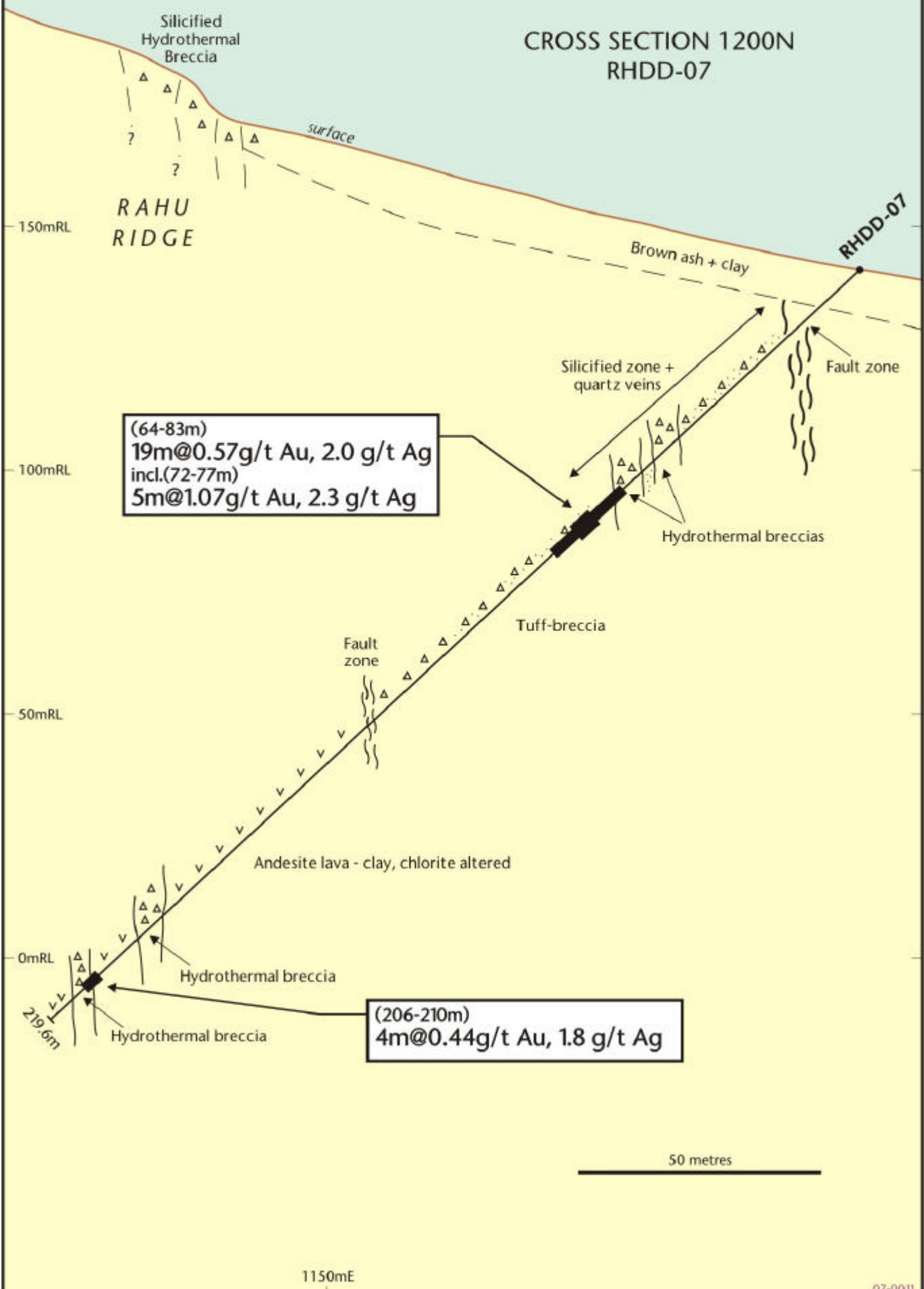
**DISCLOSURE:** The information in this report that relates to exploration results is based on information compiled Mr Murray Stevens. Mr Stevens is an independent consulting geologist who is a corporate member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stevens consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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### About Heritage Gold

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CROSS SECTION 1200N  
RHDD-07



# KARANGAHAKE PROJECT

## RAHU AREA

### CROSS SECTION 1650N RHDD-08

