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31 July 2007

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**AUSTRALIA**

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## **FOR PUBLIC RELEASE**

### **Quarterly Report to 30 June 2007**

Heritage Gold is pleased to present the quarterly report for the three months ended 30 June 2007.

Highlights include:

- Completion of Waihi district drilling programme
- Reconnaissance exploration starting at Dunmarra uranium prospect
- Third prospecting permit applied for in Northland

#### **DUNMARRA URANIUM PROSPECT (Northern Territory, Australia) (earning 50% interest)**

Ground reconnaissance exploration of the Dunmarra uranium joint venture areas commenced after the end of the quarter. This exploration involves sampling of radiometric anomalies and geological mapping.

Notices of proposed grant of the three exploration licence applications have been received and advertised for objections. This process should be completed at the end of September 2007.

The Dunmarra joint venture tenements cover a total land area of approximately 1,250 square kilometres. Under the joint venture arrangement, Heritage can earn up to a 50% stake in the licences if it spends A\$2 million over three years. That may increase to 75% if a further A\$2 million is spent. The minimum commitment Heritage must make is A\$100,000.

The three tenement areas are some distance apart, but each indicates potential for sandstone-hosted and roll front uranium mineralisation. There are numerous uranium occurrences to the north, southwest and northeast of the licence areas that offer good source potential for uranium.

In addition, the basin has aquifers that are thought to have allowed long term movement of uranium bearing groundwater. It also has a structural environment that appears favourable for discovering uranium deposits formed by re-deposition of uranium from these solutions. Radiometric anomalies have been found previously within the application areas.

#### **GOLD PROJECTS (Waihi District, New Zealand) (100%)**

##### **Karangahake Project (Rahu, Talisman, and Dominion Knoll permits)**

Diamond core drilling at Rahu Ridge was completed in early July 2007 and the data will now undergo geological modelling to review the outcomes. A total of nine holes was drilled for 1,565 metres. The depths of holes ranged between 113 and 310 metres.

The nine holes encountered gold mineralisation in hydrothermal breccias over a total strike length of 1,400 metres, with some holes showing multiple intersections. Another feature of the gold mineralisation is its association with other geological units such as lake sediments, and quartz vein stockworks within dacite porphyry intrusives.

Previous exploration at Rahu Ridge outlined three parallel structures over a strike length of approximately 2km. The structures were identified by ground geophysical surveys and geochemical sampling. Only two of them

were drilled in this programme.

The data collected during the drilling will be evaluated further in the current quarter, and will include petrological and mineralogical studies to characterise the gold mineralisation. This will help identify those areas within the structures with greater potential to host higher grades at depth.

The mineralisation has features consistent with it being at a high level in the epithermal system, and higher grade feeder veins are expected to occur below the hydrothermal breccias drilled. This is supported by the recognition of quartz vein fragments within the mineralised hydrothermal breccias. The additional recognition of gold mineralised sediments and intrusive rocks adds to the prospectivity of Rahu, indicating a more complex mineralisation history than initially thought.

The Rahu Ridge zone lies along the same epithermal system that was responsible for gold deposits at the Talisman mine to the south. The Talisman area has multiple quartz veins containing high grade ore zones. In the past, the mine produced 1 million ounces (Moz) of gold and 3 Moz of silver.

### **Other Gold Projects (100%)**

Exploration work has continued at Waihi North and Golden Valley to aid identification of drill targets.

This has included detailed ground geophysical surveys and trace element geochemical surveys designed to detect anomalies above buried mineralisation.

Estimates for an airborne low level geophysical survey are currently being sought as part of this work.

### **GOLD & BASE METALS (Northland, New Zealand) (100%)**

In diversifying its mineral interests, Heritage Gold has applied for three prospecting permits in Northland, about 150km north of Auckland, New Zealand.

The third application was lodged over the area surrounding the Puhipuhi epithermal gold prospect and adjacent to Heritage Gold's Hikurangi prospecting permit application. The new Waikare application contains several gold, silver and antimony prospects in favourable geological settings.

A recent study of the mineral resource potential of Northland by a consortium of district councils, and the regional economic development group (Enterprise Northland), complemented a detailed study of the regional economic benefits of mineral developments. This has given further support to Heritage Gold's decision to expand its interests in the Northland region.

The three areas have potential to host epithermal gold-silver, porphyry copper-gold, and volcanogenic massive sulphide base metal deposits.

The applications are currently being processed by the Ministry of Economic Development and Heritage may undertake initial prospecting work by treating the three contiguous areas as a single project.

### **THACKARINGA COBALT PROJECT (New South Wales) (33%)**

Heritage Gold has 33% equity in Broken Hill Cobalt Limited (BHCL) and is manager for the project.

BHCL holds an exploration licence and two mining leases over the key areas of cobalt mineralisation at Thackaringa, about 25km south of Broken Hill, NSW.

During the quarter, extensive mapping and sampling of prospective parts of the exploration licence were completed, and rock and soil samples submitted for analysis.

Several areas have been identified that warrant further investigation by drilling. Due to farming requirements on the land, the drilling programme has been deferred for two months, with arrangements in place to secure a drilling rig for the work.

BHCL is currently negotiating private funding to advance the programme and proceed to stock exchange listing of the company.

### **APPOINTMENT OF DIRECTOR**

Mr Warwick Grigor was appointed an independent director during the quarter. An original investor in Heritage when it first listed on the New Zealand stock exchange, Mr Grigor specialises in research based mining

company financing and corporate advisory services through Far East Capital Ltd (FEC), which he founded in 1991.

Prior to forming FEC Mr Grigor, who has degrees in law and economics from the Australian National University, gained extensive experience as a senior mining analyst and research partner with several Sydney stock broking firms.

## **WARRANTS**

The closing date for conversion of the Heritage Gold warrants was 27 June 2007. In June 5,629,852 warrants were converted to fully paid ordinary shares, raising approximately NZ\$354,000. The remaining 16,858,608 warrants expired.

## **ANNUAL MEETING**

The Annual Meeting of Shareholders will be held at 3pm on 29 August at 545 Parnell Road, Parnell, Auckland, New Zealand.

## **APPOINTMENT OF MANAGING DIRECTOR**

An announcement regarding the appointment of a new Managing Director is expected to be made by 29 August 2007.

**DISCLOSURE:** The information in the report to which this statement is attached that relates to gold and base metals Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Murray Ronald Stevens who is a Member of The Australasian Institute of Mining and Metallurgy (The AusIMM). Mr Stevens is self-employed.

Mr Stevens has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activity which he is undertaking 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' and Mr Stevens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to uranium exploration results is based on information compiled Mr Wolfgang Leyh. Mr Leyh is employed by Eaglehawk Geological Consulting Pty Ltd and is a Member of The AusIMM. Mr Leyh 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 Leyh 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**

Heritage listed on the NZSX in 1986 and has a current market capitalisation of approximately \$16 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. Heritage has entered into a joint venture to explore for uranium in the Dunmarra Basin of the Northern Territory, Australia.