

Appendix 5B

Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

30 JUNE 2007

Consolidated statement of cash flows

	Current quarter \$NZ	Year to date 3 months) \$NZ
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	Nil	Nil
1.2 Payments for (a) exploration and evaluation	(389,746)	(389,746)
(b) development	Nil	Nil
(c) production	Nil	Nil
(d) administration	(225,657)	(225,657)
1.3 Dividends received	Nil	Nil
1.4 Interest and other items of a similar nature received	21,241	21,241
1.5 Interest and other costs of finance paid	Nil	Nil
1.6 Income taxes paid	Nil	Nil
1.7 Other (provide details if material) Bad debt recovered	Nil	Nil
Net Operating Cash Flows	(594,162)	(594,162)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	Nil	Nil
(b)equity investments	Nil	Nil
(c) other fixed assets	Nil	Nil
1.9 Proceeds from sale of: (a)prospects	Nil	Nil
(b)equity investments	Nil	Nil
(c)other fixed assets	Nil	Nil
1.10 Loans to other entities	Nil	Nil
1.11 Loans repaid by other entities	Nil	Nil
1.12 Other (provide details if material)	Nil	Nil
Net investing cash flows	Nil	Nil
1.13 Total operating and investing cash flows (carried forward)	(594,162)	(594,162)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	1,027,261	1,027,261
1.15 Proceeds from sale of forfeited shares	Nil	Nil
1.16 Proceeds from borrowings	Nil	Nil
1.17 Repayment of borrowings	Nil	Nil
1.18 Dividends paid	Nil	Nil
1.19 Other (provide details if material)	Nil	Nil
Net financing cash flows	1,027,261	1,027,261
Net increase (decrease) in cash held	433,099	433,099

	Net increase (decrease) in cash held	433,099	433,099
1.20	Cash at beginning of quarter/year to date	787,314	787,314
1.21	Exchange rate adjustments to item 1.20	727	727
1.22	Cash at end of quarter	1,221,140	1,221,140

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$NZ
1.23	Aggregate amount of payments to the parties included in item 1.2	22,500
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment to associated companies for consulting services - Up Minister Ltd	22,500

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	Issue of 2,500,000 ordinary fully paid shares on 13 April 2007 in part consideration of uranium joint venture. Issue of 3,000,000 options on 13 April 2007 in consideration of the introduction to enter into the uranium joint venture.
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$NZ	Amount used \$NZ
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

		\$NZ
4.1	Exploration and evaluation	300,000
4.2	Development	Nil
	Total	300,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$NZ	Previous quarter \$NZ
5.1	Cash on hand and at bank	178,959	31,225
5.2	Deposits at call & Term Deposits	946,181	660,089
5.3	Bank overdraft	Nil	Nil
5.4	Other (provide details) – Bond	96,000	96,000
	Total: cash at end of quarter (item 1.22)	1,221,140	787,314

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Surrendered	None		
6.2	Interests in mining tenements acquired or increased	None		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities (description)	NIL		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	N/A		
7.3	*Ordinary securities	38,623,000	25c	25c
		10,000,000	3.8c	3.8c
		20,000,000	5.9c	5.9c
		5,000,000	10c	10c
		186,400	25c	25c
		1,000,000	5.5c	5.5c
		7,200,000	5c	5c
		12,000,000	AUD 8c	AUD 8c
		14,000,000	AUD 8c	AUD 8c
		16,666	9c	9c
		33,333	9c	9c
		23,500,000	5c	5c
		23,333	8.5c	8.5c
		16,667,000	AUD 2.5c	AUD 2.5c
		24,420,201	2.9c	2.9c
		5,250,936	2.9c	2.9c
		7,391,296	2.9c	2.9c
		5,556	8.3c	8.3c
		8,500,000	AUD 3.5c	AUD 3.5c
		10,000	10c	10c
		2,500,000	AUD 3.5c	AUD 3.5c
		11,500,000	AUD 3.5c	AUD 3.5c
		5,725,184	8.3c	8.3c
		213,552,905		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs	19,735,184 Nil	19,735,184 Nil	
7.5	*Convertible debt securities (description)	Nil	Nil	

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A		
7.7	Options – Not quoted (not transferable) – Not quoted (not transferable) – Not quoted – Quoted Warrants – quoted on NZSE & NSX; not quoted on ASX . 5,725,184 warrants converted to FPS in current quarter	3,600,000 3,600,000 <hr/> 7,200,000 3,000,000 23,490,000 Nil	Not quoted Not quoted Not quoted 23,490,000 Nil	Exercise price 8c 12c AU 3.5c 10c	Expiry date 20/11/07 20/11/08 13/4/09 30/9/08
7.8	Issued during quarter - Options	3,000,000	Not quoted	AU 3.5c	13/4/09
7.9	Converted to FPS during quarter – Warrants Options	5,725,184 10,000	Not quoted 10,000		
7.10	Expired during quarter – Warrants	16,858,608	Not quoted		
7.11	Debentures (<i>totals only</i>)	Nil	Nil		
7.12	Unsecured notes (<i>totals only</i>)	Nil	Nil		

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to NSX.
- This statement does ~~not~~ *not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 31 July 2007

(Director/Company secretary)

Print name: Sue Sangster

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- The "Nature of interest" (Items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.