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**AUSTRALIA**

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## FOR PUBLIC RELEASE

### Quarterly Report to 30 June 2006

#### HIGHLIGHTS:

- ❖ New gold company spin-off
- ❖ Exploration tempo to escalate

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#### NEW GOLD COMPANY SPIN-OFF

During the quarter Heritage began implementation of its development strategy for the gold projects in the Waihi district.

The directors are planning the transfer of the gold properties in the Waihi district to a special purpose subsidiary and part of the shareholding in the new company ("Newco") will also be spun off to Heritage shareholders. Plans for listing of Newco on the New Zealand Stock Exchange are well advanced and will involve a prospectus share issue to its shareholders to raise up to \$5M.

Heritage is establishing a skilled management team for Newco to focus on evaluation of the gold projects under the direction of a separate board of directors. These steps will lead to a substantial increase in exploration and evaluation work in the Waihi district.

#### GOLD PROJECTS (New Zealand)

Heritage has several gold properties with impressive exploration and development potential, close to Newmont's giant Martha deposit (7.3Moz Au recorded production) and recently discovered Favona deposit at Waihi.

Encouraging results from Heritage's work on each of its properties support the Company's view that sustained exploration will lead to the discovery of significant gold deposits. Heritage holds 100% equity in the projects.

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

During the period the exploration programme continued, with the most recent work being entered into the project's digital database for further modelling.

Safe access to the Talisman workings was improved and water sampling for baseline geochemical data was undertaken.

As part of the spin-off company process the priorities for exploration work over the next 12 months are being re-evaluated, in line with an increased tempo of exploration work.

#### Other Gold Projects

The Company holds other tenements at Waihi North (including Waitete) and Golden Valley. Essential

exploration work continued, and at Golden Valley and Waitete this included geological mapping and geochemical surveys.

Each of the permits is known to host significant hydrothermal alteration with potential for gold mineralisation at relatively shallow depths.

#### **Northland Project (100%)**

The Company's subsidiary, Northland Minerals Limited, has two prospecting permit applications that are being processed for the Northland region of the North Island.

The areas have potential for epithermal gold-silver and porphyry copper deposits, and also gold-rich volcanogenic massive sulphide base metal deposits. The geological setting is in places very similar to that in the Coromandel volcanic zone where the 7.3Moz Martha gold deposit is located.

The region had very limited exploration activity over the past 30 years, with virtually no exploration by modern techniques on a regional scale.

#### **BROKEN HILL COBALT LIMITED (New South Wales)**

BHCL has continued to consolidate its tenements in the Thackaringa Cobalt project and is reviewing opportunities for further exploration, including drilling, over the next 12 months.

Heritage has 33% equity in Broken Hill Cobalt.

**DISCLOSURE:** The information in the report to which this statement is attached that relates to 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. Mr Stevens is self-employed.

Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit 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.

**Sue Sangster**  
**COMPANY SECRETARY**