

Appendix 5B

Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

31 MARCH 2006

Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$NZ	\$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	(142,950)	(1,183,871)
	(b) development	Nil	Nil
	(c) production	Nil	Nil
	(d) administration	(64,234)	(483,817)
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	12,625	33,332
1.5	Interest and other costs of finance paid	Nil	(306)
1.6	Income taxes paid	Nil	Nil
1.7	Other (provide details if material) Compensation Settlement	Nil	220,000
Net Operating Cash Flows		(194,559)	(1,414,662)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	Nil	Nil
	(b)equity investments	(4,896)	(22,086)
	(c) other fixed assets	Nil	(1,043)
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	(1,098)
1.11	Loans repaid by other entities	Nil	Nil
1.12	Other (provide details if material)	Nil	Nil
Net investing cash flows		(4,896)	(24,227)
1.13	Total operating and investing cash flows (carried forward)	(199,455)	(1,438,889)

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	100,000
4.2	Development	Nil
	Total	100,000

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	1,013	3,829
5.2	Deposits at call & Term Deposits	408,497	605,145
5.3	Bank overdraft	Nil	Nil
5.4	Other (provide details) - Bond	107,000	107,000
	Total: cash at end of quarter (item 1.22)	516,510	715,974

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

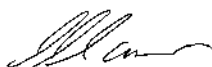
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		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 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000 16,666 33,333 <u>23,500,000</u> 131,559,399	38,623,000 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000 16,666 33,333 <u>23,500,000</u> 131,559,399	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c 9c 9c 5c	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c 9c 9c 5c
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	23,500,000 Nil	23,500,000 Nil	5c	5c
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options – Not quoted (not transferable) – Not quoted (not transferable) <u>7,200,000</u> – Quoted Warrants – quoted on NZSE & NSX; not quoted on ASX	3,600,000 3,600,000 <u>7,200,000</u> 23,500,000 22,612,681	Not quoted Not quoted <u>7,200,000</u> 23,500,000 Not quoted	Exercise price 8c 12c 10c 8.5c (Paid to 2c)	Expiry date 20/11/07 20/11/08 30/9/08 27/6/07
7.8	Issued during quarter - Options	23,500,000	23,500,000	10c	30/9/08

7.9	Converted to FPS during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

Compliance statement

- 1 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.
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: _____
(~~Director~~/Company secretary)

Date: 28 April 2006

Print name:Sue Sangster.....

Notes

- 1 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.
- 2 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.
- 3 **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.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **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.

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