



Incorporated in New Zealand ABN 009 474 702

**REGISTERED (HEAD) OFFICE**  
541 Parnell Road, Parnell, Auckland, New Zealand  
Phone: (+64 9) 303-1893 • Fax: (+64 9) 303-1612  
Email: office@heritagegold.co.nz

**AUSTRALIAN OFFICE**  
1<sup>st</sup> floor, 25 Richardson Street, West Perth,  
Western Australia 6005  
Phone: (+61 8) 9481-2040 • Fax: (+61 8) 9481-2041

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Limited Company Relations  
New Zealand Stock Exchange  
Level 2, NZX Centre  
11 Cable Street  
**WELLINGTON**

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## FOR PUBLIC RELEASE

### Preliminary Half Year Report

**Issuer Name:** Heritage Gold NZ Ltd  
**Reporting Period:** Six months to 30 September 2007  
**Previous Reporting Period:** Six months to 30 September 2006

Amount (\$); percentage change

Revenue from ordinary activities \$45,908; +318%

Loss from ordinary activities after tax attributable to members of the listed issuer (\$405,773); -24%

Loss attributable to members of the listed issuer (\$405,773); -24%

No dividend attributed to this period

### Changes in Accounting Policies

As a result of adopting IFRS, revaluation gains and losses on listed share investments have been taken to the income statement where previously they were taken to a revaluation reserve. The effect has been to reduce the deficit for the current period by \$2,421. Comparatives have been restated by increasing the deficit for the year ended 31 March 2007 by \$2,210 and the deficit for the period ended 30 September 2006 by \$478. There have been no changes to total equity for the current period or previous comparative periods.

Deferred tax has changed although there will be no effect on the financial results until the company's tax losses have been substantially utilised.

Other than these changes, all accounting policies have been applied on bases consistent with those used in previous years.

### Capitalised Tenement Expenditure

This was \$698,743 over the reporting period compared with \$244,351 in the previous reporting period. No capitalised tenement expenditure was written off in the current period (\$199,973 was written off in the previous period).

### Operations

Changes to Heritage Gold's operations and management during the period under review included a restructuring of the Board of Directors. Mr Warwick Grigor was appointed an Independent Director and brings to the Company a wealth of financial and analytical experience in the minerals industry.

At the start of the period Mr Geoff Hill accepted the position of Chairman and Mr Murray McKee took up the position of Deputy Chairman of the Board. Both Mr Hill and Mr McKee have extensive commercial experience and financial expertise which will benefit the Company going forward.

A new Managing Director, Mr Trent Lash, was appointed by the Board in early September. Mr Lash holds a Bachelor of Applied Science in Mining (Hons) degree from University of Otago and a Civil Engineering degree from University of Auckland. His overseas experience and contacts will be of major value to the Company over the next three years.

### Gold Projects (Waihi District, New Zealand)

The Company advanced its exploration and evaluation work at its main gold projects in New Zealand – Karangahake and Waihi.

An extensive diamond drilling programme was undertaken at Karangahake which yielded significant intervals of mineralisation in every hole, with indications that improved grades will be found in feeder veins at deeper levels.

A soil geochemical survey outlined strong gold-in-soil anomalies over a strike length of approximately 1km and yielded an assay from sampling of an old mine dump of 17.6g/t Au and 23g/t Ag.

A major programme of surface and underground drilling is planned for this project area in 2008.

At Golden Valley in the Waihi area a high resolution geochemical survey located anomalies which may reflect buried mineralisation. These targets are being further evaluated by geophysical programmes and by drill testing in 2008.

High resolution airborne magnetic/radiometric surveys north of the Martha open pit and extending over Golden Valley are planned for early 2008. The surveys are being supplemented by geological mapping, geochemical sampling and ground based resistivity and magnetic surveys to assist target definition, followed by drilling in mid-2008.

### **Northland Gold & Base Metals Project (Northland, New Zealand)**

Planning is underway for regional reconnaissance mapping of the Company's three granted prospecting permits in the Northland region.

Recent studies by the Northland regional economic development group (Enterprise Northland), with the support of Northland Regional and District Councils, highlighted significant mineral potential in the region and quantified the likely economic benefits that would flow from development of this potential.

### **Dunmarra Basin Uranium (Northern Territory, Australia)**

The three exploration licence applications under joint venture with R&M Nominees Pty Ltd have now been granted. The licences cover approximately 1,250 square kilometres in the Dunmarra Basin and are prospective for sandstone-hosted uranium mineralisation.

The geological and structural environment appears favourable for the weathering of nearby uranium mineralisation, its dissolution in groundwater, transport into aquifers within the basin, and subsequent deposition.

A programme of reconnaissance exploration, including drilling, is planned for 2008.

### **Thackaringa Cobalt Project (New South Wales, Australia)**

Broken Hill Cobalt Limited (BHCL) holds an exploration licence and two mining leases over the cobalt resource. Heritage has a 33% equity in BHCL.

Recent exploration in the surrounding exploration licence has located favourable signs of mineralisation at surface that indicate significant potential for Broken Hill style base metal deposits, with some gold and tungsten.

The area is under-explored and BHCL is planning test drilling of the cobalt resource and the surface anomalies early in 2008.

BHCL is finalising a prospectus for an IPO leading to an application for stock exchange listing in the first quarter of 2008, based largely on the substantial cobalt resource within the two mining leases.

### **Funding**

During the period the Company raised over \$356,000 from the conversion of warrants, prior to their expiry on 27 June 2007.

After the end of the half year the Company announced its intention to raise approximately A\$3,200,000 by private placement and a pro-rata rights issue, to fund the substantial work programme planned for 2008.

**Trent Lash**  
Managing Director