

31 January 2007

The Executive Director
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FOR PUBLIC RELEASE

Quarterly Report to 31 December 2007

Heritage Gold is pleased to present this quarterly report for the period ended 31 December 2007.

Highlights:

- Ground magnetic survey of Waihi North tenement commences
- Successful \$3.6M capital raising – funding for drilling now in place
- Licences granted for Dunmarra uranium prospects

WAIHI DISTRICT GOLD EXPLORATION

Waihi Gold Tenements

Geological mapping of the Waihi North tenement in the vicinity of the Martha open pit and Mataura was carried out during November and December.

In addition, a ground magnetic survey of Waihi North was undertaken in December and completed after the end of the quarter. Results of this programme are being assessed.

Ground-based geophysical and geochemical (soil sampling) surveys of the Golden Valley tenement were analysed and the soil sampling for key 'gold indicator' elements revealed anomalous values in the north-east of the tenement, where the general structural trends align with those of the Martha open pit.

Information gathered from these surveys will augment that garnered from other technologies to optimise the selection of drilling targets for the 2008 drilling programme on these tenements.

Karangahake Gold Tenements

In October, Phase III of the underground drilling of the historic Talisman mine was developed with the objective of delineating a further 200,000 oz of gold resource and increasing the confidence levels in the 205,000 oz identified from the Phase II drilling programme. This Phase III underground drilling is planned for 2008.

Drilling of the Rahu tenement is planned to commence in the first quarter 2008. The Company has reviewed the results of the 2007 drilling on the Rahu tenement and plans to drill test

approximately 200 – 300 metres below the holes that were determined to be the most prospective.

The company is planning to drill approximately 2,000 metres in total with the objective of intersecting gold-bearing quartz veins thought to lie below the anomalous, gold bearing breccias found in the 2007 drilling programme.

CAPITAL RAISING

On 21 November 2007, Heritage Gold placed 36 million shares at A\$0.045 (NZ\$0.054) per share, each with one free attaching option at A\$0.08 (NZ\$0.10) expiring 31 October, 2009. The placement raised A\$1.6 million and was oversubscribed.

Immediately after the placement, the Company undertook a 1:7 pro rata rights issue to shareholders (including the above placees) on the same terms and conditions, to raise an additional A\$1.6 million.

At close on 21 December 2007, the rights issue was approximately 50% subscribed.

The shortfall of 17,836,112 shares and attaching 8,918,056 options was placed, at the discretion of the Board, during January 2008.

THACKARINGA COBALT PROJECT (Heritage 33%)

Subsequent to the period Heritage Gold provided working capital to Broken Hill Cobalt Limited by way of a draw-down convertible loan in the amount of A\$137,500 to assist that company through its proposed listing in 2008. This facility was advanced on the same terms and conditions as the other significant investor.

DUNMARRA BASIN URANIUM (Heritage earning 50+%)

Three exploration licences, covering a total of 1,271 square kilometres in the Dunmarra Basin (Northern Territory, Australia), were granted during the past quarter.

Heritage plans shallow, reconnaissance drilling of these tenements in 2008 to assess several radiometric anomalies.

About Heritage Gold

Heritage listed on the NZSX in 1986 and is listed on the ASX in 1987.

The company has valuable gold assets in the Waihi district of New Zealand, where it is a major tenement holder.

Heritage also owns 33 percent of Broken Hill Cobalt Ltd in Australia and has three 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.

Please explore our website at www.heritagegold.co.nz