



Incorporated in New Zealand ABN 009 474 702

30 May 2011

**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

**ANNOUNCEMENT BY HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)  
FOR PUBLIC RELEASE**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET  
Full Year Preliminary Announcement**

**Reporting period 12 months to 31 March 2011**

**Previous reporting period 12 months to 31 March 2010**

Amount (\$NZ; percentage change

Revenue from ordinary activities 74,100; + 13%

Profit/(Loss) from ordinary activities after tax attributable to members

of the listed issuer (851,291); + 37%

No dividend attributed to this period

During the financial year to 31 March 2011 \$376,330 was spent developing tenements compared to \$348,116 in the previous reporting period.

88% of exploration expenditure in the reporting period was on the Waihi district (NZ) tenements (mainly Talisman, Rahu and Golden Valley). 72% was spent in the Waihi area in the previous year. The current activity, interim results and other highlights are outlined below.

Exploration costs of \$385,479 were written off in the current reporting period. \$349,530 was cobalt expenditure on prospects being developed by Broken Hill Prospecting. The balance of field expenditure written off was predominantly Northland Minerals Limited expenditure. \$290,510 exploration costs were written off in the previous reporting period.

Tenements at 31 March 2011 were valued at \$7.7m in both reporting periods.

Heritage held 33% equity in Broken Hill Prospecting prior to its listing on the ASX and NZSX on 17 February 2011. Heritage holds 17,929,000 shares in Broken Hill Prospecting, representing a 21.7% interest. Market value of the shares held in BPL at 31 March 2011 is \$4.7m.

Broken Hill Prospecting repaid its intercompany loans from Heritage following stock exchange listing.

**PAST YEAR**

**Gold Projects (Waihi district, NZ)**

The majority of expenditure was committed to the Company's gold projects near Waihi during the year.

Joint venture discussions for the Karangahake project, which includes the Talisman mining permit and Rahu exploration permit, were continuing at the end of the reporting period.

Updating of an earlier scoping study was commenced by the Company's consultants.

Detailed surface mapping and sampling at Rahu were among several techniques applied to better understand the geology and mineralisation. Re-interpretation of previous data, supplemented by peer

review of an independent structural analysis, gave additional insight into the mineralised environment to aid drill target selection.

At Golden Valley the term of the exploration permit was extended and a change of conditions approved, following additional seismic surveying and low level detection soil geochemical surveys to define drilling targets.

### **Thackaringa Base Metal Project (NSW, Australia)**

At the start of the year Broken Hill Prospecting Ltd (BHPL) raised approximately A\$890,000 in pre-IPO funding.

In November 2010 the company lodged a prospectus for the issue of up to 25 million shares at A\$0.20 each with one free attaching option (exercisable at A\$0.20 within 3 years of listing) for every 2 shares allotted.

The issue closed in February 2011 and the shares were listed on the ASX and NZSX on 17 February 2011, when the market capitalisation of Heritage Gold's 21.7% equity was NZ\$4.7 million.

BHPL advanced its drilling of base metal prospects at Thackaringa prior to and following its stock exchange listing.

### **New Projects**

Heritage Gold continued to investigate new opportunities for large scale high grade precious metal deposits in the south-west Pacific region.

## **LOOKING AHEAD**

### **Gold Projects**

The company will continue discussions for a joint venture to develop the Karangahake project, including consideration of other options.

Advance exploration at Golden Valley to give a clearer indication of concealed gold mineralisation and establish drill targets.

The search for new precious metal projects will continue.

### **Thackaringa Base Metal Project**

Support exploration/evaluation of the Thackaringa project to develop new base metal resources and expand the existing cobalt resource.

**Peter Atkinson**  
Executive Director

**Reporting period 12 months to 31 March 2011**  
**Previous reporting period 12 months to 31 March 2010**

### **Statement of Comprehensive Income**

Reporting period; previous reporting period  
(\$)NZ

Revenue 74,100; 65,648

Audit fees 15,197; 14,740

Depreciation 2,542; 3,076

Director fees 96,000; 96,000

Rent and leasing 12,991; 23,137

Operating expenses 333,605; 298,152  
Write off field expenditure 385,479; 290,510  
Total operating expenses 845,814; 725,615

Share of associate retained profit/(deficit) after tax (79,577); 38,390

Net deficit attributable to members 851,291; 621,577

### **Balance Sheet**

Reporting period; previous reporting period  
(\$)NZ

Current assets 1,269,072; 2,182,879  
Non-current assets 8,922,621; 8,888,720  
Total assets 10,191,693; 11,071,599  
Current liabilities 104,080; 132,695  
Total liabilities 104,080; 132,695  
Net assets 10,087,613; 10,938,904

Capital 24,269,394; 24,269,394  
Reserves 335,341; 335,341  
Retained profit/(loss) (14,517,120); (13,665,831)  
Total equity 10,087,613; 10,938,904

### **Statement of Cash Flows**

Reporting period; previous reporting period  
(\$)NZ

Cash flows relating to operating activities  
Interest received 67,780; 26,318  
Other income 83; 187  
Payments to suppliers and employees (538,443); (425,924)  
Net operating cash flows (470,580); (399,419)

Cash flows relating to investing activities  
Intercompany loan repayments 107,172; 817  
Proceeds from sale plant & equipment 30; 372  
Prospecting expenditure (303,053); (276,933)  
Purchases of property, plant & equipment (2,445); Nil  
Purchases of equity investments (129,070); Nil  
Intercompany loans (11,411); (19,934)  
Net investing cash flows (338,777); (295,678)

Cash flows relating to financial activities  
Issue of securities Nil; 1,955,706  
Costs of issuing securities Nil; (34,653)  
Net financing cash flows Nil; 1,921,053

Net increase/(decrease) in cash held (809,357); 1,225,956  
Cash at beginning of period 2,053,730; 807,114  
Exchange rate adjustments (245); 20,660  
Cash at end of period 1,244,128; 2,053,730

No dividends or distributions were paid or are planned.

**Statement of Changes in Equity**

Reporting period; previous reporting period

(\$)NZ

Equity at start of year 10,938,904; 9,630,782

Net loss (851,291); (621,577)

Shares issued Nil; 1,929,699

Equity at end of year 10,087,613; 10,938,904

**Net tangible assets per security**

Reporting period; previous reporting period

Net tangible assets 2,490,604; 3,361,360

Net tangible assets per security 0.07 cent; 0.1 cent

**Earnings per Security (EPS)**

Basic EPS (2.8) cents (2.2) cents

**Heritage ownership in Broken Hill Prospecting Ltd**

Reporting period; previous reporting period

Percentage held 21.7%; 33%

Contribution to net loss 79,577; (38,390)

All statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

There are no accounting policies which the directors believe are critical to the portrayal of Heritage's financial condition and results which require the directors to make judgements and estimates about matters that are inherently uncertain.

All accounting policies have been applied on bases consistent with those used in previous years.

The annual financial statements are subject to completion of the audit.

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