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**AUSTRALIA**

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## **FOR PUBLIC RELEASE**

### **Quarterly Activities Report to 31 December 2009**

Heritage Gold is pleased to present its quarterly report for the period ended 31 December 2009.

#### **HIGHLIGHTS:**

- **Talisman MPA granted**
- **Joint Venture discussions moving ahead**
- **Work steps up at Thackaringa**
- **Northland gold/base metal results positive**
- **NZ\$1.95 million raised by SPP**

#### **KARANGAHAKE GOLD PROJECT – Coromandel, NZ (Heritage 100%)**

##### **TALISMAN**

###### **Mining Permit**

In December 2009 the Company's application for a Mining Permit over its Talisman and Dominion Knoll exploration permits was granted for a 25-year term, securing for Heritage the North Island's first commercial gold mining permit, outside of Waihi, in 18 years.

The permit conditions provide flexibility for completing joint venture negotiations, expanding the resource, securing resource consents for the project, negotiating an access arrangement with the Department of Conservation (DoC), and mine planning and development.

The Company has current access arrangements with DoC for exploration work in the area.

An earlier scoping study<sup>2</sup> assessed geological potential as ranging from 0.83M oz to 3.3M oz gold. The study's base case scenario suggested progressive development to sustainable production of 50,000 oz gold per annum over 3 years, with a medium term objective of up to 100,000 oz gold annually, and construction of a suitable treatment plant.

###### **Joint Venture**

Negotiations are proceeding with several Chinese groups interested in a joint venture (JV) over the Karangahake Project.

Joint venture discussions for the development of Karangahake are not being rushed as Heritage is seeking a strong technical and financial partner.

Technical information provided by Heritage to prospective JV partners late last year has been updated to assist these negotiations.

### **Research Work**

The University of Auckland's geology research team has outlined the 2010 programme for the Talisman mining permit in 2010, which Heritage has accepted.

## **RAHU**

### **Core Relogging**

Relogging of key sections of Rahu drill core is almost complete and peer reviewing will ensure accuracy and consistency of interpretation. The data will be used for a structural analysis and development of a robust 3D geological model to aid drill targetting of the higher grade gold zones predicted at depth.

### **Permit Term**

Application has been made to Crown Minerals to extend the term of the Rahu permit to enable the gathering of the new range of data, followed by further drilling.

### **Research Work**

An agreed 2010 research programme on structural features related to the gold mineralisation has commenced, under the supervision of research staff from the University of Auckland.

## **WAIHI GOLD EXPLORATION – Coromandel, NZ (Heritage 100%)**

### **GOLDEN VALLEY**

#### **Permit Conditions**

Crown Minerals have agreed to vary the permit conditions to include:

- seismic geophysical surveys to determine the nature and depth of barren cover rocks
- low-level detection soil geochemical sampling to identify possible mineralisation under barren cover.

The anomalous geophysical signature in the southern part of the permit is similar to that hosting the gold deposits at Waihi and seismic surveys will test areas of shallower cover within this anomaly.

This data, interpreted in conjunction with the geochemical results, will assist selection and ranking of drilling targets.

#### **Research Work Follow up**

Heritage will extend previous low-level detection soil geochemical sampling to identify prospective zones beneath barren cover for drill testing.

This work will commence in early 2010 and follows an earlier Auckland University study in which the nearby Favona gold ore body could be recognised beneath similar barren cover rocks.

## **GOLD AND BASE METALS PROJECT - Northland, NZ (Heritage 100%)**

### **REGIONAL EXPLORATION TARGETS**

Northland Minerals (a Heritage subsidiary) is exploring a large area for two styles of mineralisation:

- epithermal gold-silver deposits, similar to those at Karangahake near Waihi in the Coromandel
- volcanogenic base metal-gold deposits, which are probably ancient analogues of the submarine black-smoker deposits found recently off the east coast of New Zealand.

Previous data compilation, geological mapping and geochemical sampling by Northland Minerals have confirmed the prospectivity of the permits.

In November 2009, Heritage reported further encouraging results from its three prospecting permits.

## TANGIHUA AND HIKURANGI

Highly anomalous gold (Au), silver (Ag) and copper (Cu) values were found in samples from around areas of known mineralisation on both permits.

By using modern exploration methods such as aeromagnetics, low-level detection soil geochemistry and electromagnetic techniques, the Company believes a major new volcanogenic copper-gold discovery is possible.

Table 1 lists results the more significant results from the recent rock sampling programme. The high values need to be put into context. The mullock and float samples were selected for their obvious mineralisation and are not necessarily representative of the entire mineralisation. The channel samples of surface rocks are more representative of the mineralisation currently exposed.

At this early stage it is premature to speculate on the dimensions of the mineralisation, which have traditionally been regarded as small occurrences.

Permit	Au g/t	Ag g/t	Cu %	Sample Type
Tangihua	21.68	48.6	47.41	Mullock sample
Tangihua	17.2	28.2	11.41	Mullock sample
Tangihua	0.18	0.6	2.49	Channel Sample (1m)
Tangihua	0.06	0.5	2.87	Channel Sample (1m)
Tangihua	0.04	0.4	7.30	Channel Sample (0.30m)
Tangihua	0.04	0.4	5.18	Channel Sample (0.25m)
Tangihua	0.02	0.5	3.03	Channel Sample (0.40m)
Tangihua	0.02	0.3	2.90	Channel Sample (0.25m)
Hikurangi	0.17	2.5	7.94	Float Sample
Hikurangi	0.08	1.6	1.61	Channel Sample (1m)
Hikurangi	0.04	0.8	1.41	Channel Sample (1m)
Hikurangi	0.03	0.8	0.63	Channel Sample (1m)
Hikurangi	0.02	0.8	1.24	Channel Sample (1m)
Hikurangi	0.02	0.8	0.37	Channel Sample (1m)
Hikurangi	0.02	0.2	0.31	Channel Sample (1m)
Hikurangi	0.02	1.6	2.65	Channel Sample (1m)
Hikurangi	0.02	0.5	1.28	Channel Sample (1m)
Hikurangi	0.02	0.5	0.47	Channel Sample (1m)

**Table 1: Significant geochemical sampling results<sup>4</sup> - Tangihua and Hikurangi Prospecting Permits**

## WAIKARE

The permit hosts mainly epithermal gold-silver mineralisation and Northland Minerals examined part of the Waikare River valley, where previous explorers had found epithermal mineralisation.

The rock sampling and mapping programme located a number of mineralised quartz vein/hydrothermal breccia structures outcropping in streams and on ridges that had not been previously documented.

Samples showed gold values ranging from 0.02 g/t Au to 0.31 g/t Au, and silver from 0.1 g/t Ag to 7.5 g/t Ag. Arsenic (As) and antimony (Sb) were locally strongly anomalous with peak highs of 0.28% As and 118ppm Sb. These vein structures are similar to the Coromandel gold deposits.

### Airborne Geophysical Survey

Heritage has discussed a geophysical survey over the entire region with local councils interested in acquiring the data for their own (and public) use.

The Company and two other explorers have offered to contribute pro rata to the survey. One council has also allocated some funds for this work and another is considering the extent of its involvement.

Technical input has been provided under a government funded research programme by the Institute of Geological and Nuclear Science.

### **Permit Terms**

Meanwhile Heritage has sought extensions of term for its three permits to enable funding negotiations to be completed and the geophysical survey carried out.

## **BROKEN HILL PROSPECTING LIMITED - NSW, AUSTRALIA (Heritage 33%)**

### **THACKARINGA**

Conditions for a 2-year renewal of the exploration licence (EL) at Thackaringa have been accepted by Broken Hill Prospecting (BHPL) (formerly Broken Hill Cobalt Limited).

A positive outlook for the project has been provided by:

- improvement in the cobalt price to around US\$20 per lb
- discovery of a new cobalt-bearing zone at Pyrite Hill South
- assessment of several surface exposures of base metal mineralisation (gossans) as attractive Broken Hill style targets.

BHPL have been encouraged to step up work on the two mining leases and the EL at Thackaringa, about 20km southwest of Broken Hill.

Earlier geological and exploration data is being digitised and incorporated in the project database to assist future drill hole targetting.

Planning is under way for the 2010 exploration programme and funding options are being considered in light of the increased activity, including the possibility of a stock exchange listing for BHPL.

## **SHARE PURCHASE PLAN (SPP)**

The SPP in November 2009 gave eligible New Zealand and Australian shareholders the opportunity to subscribe for up to NZ\$10,000 or A\$8,000 worth of shares.

The offer closed on 10 December and 55,849,868 shares were allotted on 16 December 2009 at NZ 3.5 cents or A 2.8 cents each.

NZ\$1.95 million was raised from 222 New Zealand and 113 Australian based shareholders, giving a positive signal for the New Zealand gold mining industry.

The funds will be used to continue exploration and evaluation work on gold prospects at Waihi; gold/base metal prospects in Northland (New Zealand); base metal prospects near Broken Hill (Australia); and for working capital.

## **OPTIONS EXPIRY**

The remaining 35,825,129 Options (HTMOA on ASX, HGDOB on NZSX) issued under the terms of the Prospectus dated 13 November 2007 expired on 20 November 2009.

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### **About Heritage Gold**

Heritage Gold (NZ) Limited is a leading New Zealand, dual listed (NZSX: HGD, ASX: HTM) minerals exploration company with over 1600 Australasian shareholders, a portfolio of high quality mineral prospects in both countries and a current market capitalisation of NZ\$10 million and A\$8 million.

Its gold tenements in the southern Coromandel region of New Zealand include the historic Talisman Mine at Karangahake which has a JORC<sup>3</sup> resource of 205,000 oz gold and 800,000 oz silver. The mine produced over 1 million oz gold and 3 million oz silver during its peak mining period.

Heritage Gold owns 33% of Broken Hill Prospecting Limited, which is planning to develop a cobalt project at Thackaringa, about 20km southwest of Broken Hill in New South Wales. BHPL has identified several Broken Hill style base metal occurrences, as well as a near surface cobalt deposit.

**NOTES:**

1. The information in this report that relates to exploration results is based on information compiled Mr Murray Stevens. Mr Stevens is an independent consulting geologist who is a corporate member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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". Mr Stevens consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.
2. The statement referring to geological potential in the Talisman Project Scoping Study is based on the recognition that only part of the geological potential will be realised. The figures quoted range from 25% realisation to full realisation of the geological potential. This gives the range of 3.84 million tonnes at 6.7 g/t Au and 20 g/t Ag, for 827,000 ounces of gold and 2.47 million oz of silver to 15.37 million tonnes at 6.7g/t gold and 20g/t silver, for 3.3 million oz gold and 9.88 million oz silver. The potential quantity and grade of the geological potential is conceptual in nature and insufficient exploration has to date been completed to allow estimation of a mineral resource, as defined in the JORC code. It is uncertain whether further exploration will result in the determination of a mineral resource.
3. The JORC resource of 205,000 oz gold and 800,000 oz silver was reported on 11 May 2005.
4. Assay Methods and Detection Limits (SGS Laboratory, Waihi). Gold assays were by Fire Assay with an AAS finish, except for the 21.68 g/t result which was analysed after aqua regia digest with an ICP-MS finish, due to its high Cu content. AAS method has a lower detection limit of 0.02 g/t Au and ICP-MS method has a lower detection limit of 0.05 g/t Au. Silver was analysed after aqua regia digest with an ICP-MS finish. The lower detection limit is 0.1 g/t Ag. Copper was analysed after aqua regia digest with an ICP-MS finish. The lower detection limit is 2 ppm Cu (0.0002%). SGS laboratory cannot certify the accuracy of Cu values greater than 5000 ppm (0.5 %).

Learn more about the company at [www.heritagegold.co.nz](http://www.heritagegold.co.nz)