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

Talisman Scoping Study Review Outlines a Profitable Gold Mine

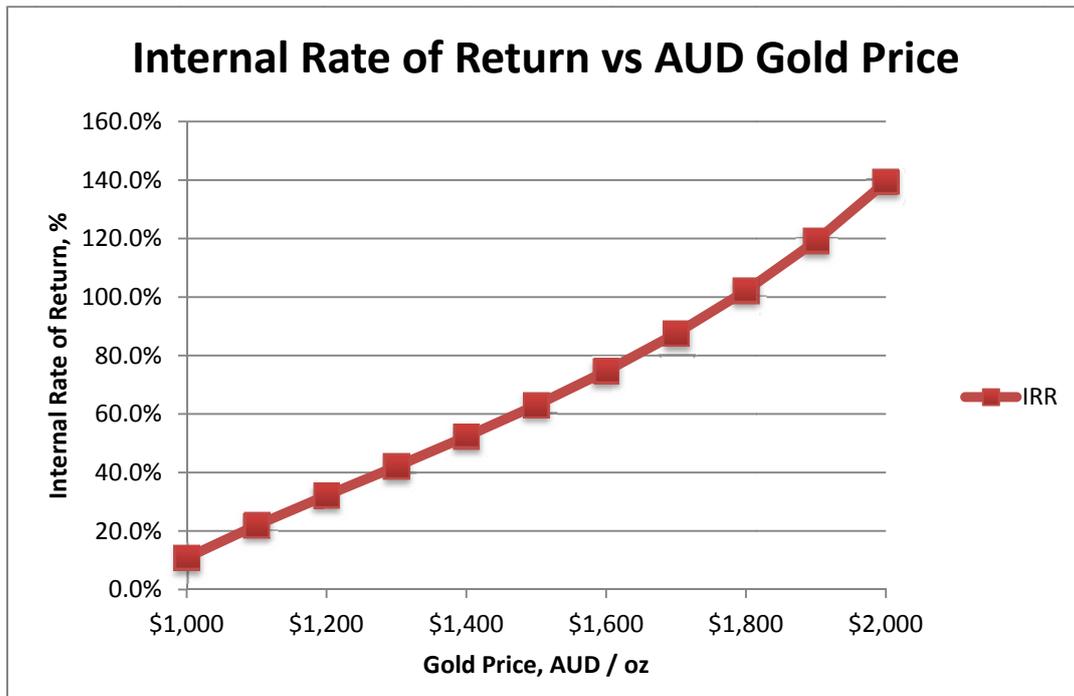
A recently completed Scoping Study Review has outlined a potentially very robust and highly profitable gold mine at Heritage’s undeveloped Talisman gold deposit.

The review found that, for the assumptions made, and a 7.5% discount rate, the project has a net present value (NPV), of over A\$150 million. This includes a conservative 25% contingency on all operating costs. The maximum cash outlay at any one time in the 12 year project is A\$20 million which occurs in year 4.

Overall, the review showed that the project is robust in the price range of A\$1,200 to A\$2,000 per ounce of gold and has a break even gold price of under A\$1000 per ounce.

Using the base case assumed gold price of Australian \$1,600 per ounce and silver price of A\$30 per ounce (close to current values), the review gives an Internal Rate of Return (IRR) of over 70% (Figure 1).

Figure 1 Talisman Scoping Study IRR trend with Gold Price



A review of a previous scoping study for the Karangahake Project has recently been completed by Melbourne-based mining consultants Mining One Pty Ltd (“Mining One”). The review incorporated the following changes to the previous work:

- updated capital and operating costs, which generally increased
- updated gold and silver prices, which greatly increased
- modified many mining and production parameters and incorporated new developments in mining practice, as well as advancements in mining technology
- amended production schedules to include prioritize mining of accessible and high-grade ore early in the project and defer less accessible low-grade ore to later in the project
- Detailed a new financial analysis for the scoped project.

Scoping Study Review Parameters

Mining One was engaged by Heritage to update previous studies of the Talisman Project. The main background for the review came from two prior independent studies as well as a range of design files and geological models.

The review used the mining schedule from a previous study in 2008, with some amendments to prioritize mining of accessible and high-grade ore in early production and defer less accessible low-grade ore .

The study is based on a 12 year mine life, with staged development building over six years to reach 150,000 tpa.

The study assumed average ore grade would be 10.2 g/t gold with 95% recovery and 14.3 g/t silver with 65% recovery and processing plant operation of 24 hours a day for 365 days a year.

Summary of the Scoping Study Review Results

The primary purpose of the review was to produce an updated financial analysis, while also providing recommendations on how the project could progress.

The review found that only a small amount of resource satisfied the low risk categories of the JORC code and it recommends further drill definition. Because of the substantial amount of past mining activity it suggested that there is potential for a considerable increase in geological resource.

The scoping study proposes that the Talisman Mine is developed in a phased and progressive manner in the first four years. Early access through existing adits will enable the mine to produce ore by small scale stoping, generating some early cash flow. After that, it proposes that the mine introduces a mechanised method such as long-hole stoping or jumbo flat-backing, and this will require separate decline access.

The previous studies recommended that the mine is managed on an owner-operator basis though Mining One suggests that using an underground contractor should be considered.

Managing the environmental and heritage considerations are considered pivotal in realising the potential of the resource and these will require ongoing investigation.

Mining One put forward two ore processing options, being toll treatment (the sale of the ore to a plant operated by another party) or a new process plant. Mining One suggest a combined approach with toll treatment of ore for four years while a purpose built mill is constructed. The completion of the mill could then coincide with the mine approaching full production.

Mining One consider that, based on the mining and processing assumptions used, the Talisman Project has the potential to be highly profitable in today’s economic conditions. At a gold price of

A\$1,600 per ounce and silver price of A\$30 per ounce, Mining One found that at a discount rate of 7.5% the net present value (NPV) of the project is over A\$150 million. This includes a conservative 25% contingency on all operating costs. The maximum cash outlay at any one time in the 12 year project is A\$20 million which occurs in year four.

In order to improve the confidence, and to enable the project to move to pre-feasibility or feasibility stage, Mining One recommended that further drilling and geological interpretation is undertaken to redefine ore resources into JORC compliant categories with higher confidence levels and that a new mine design and schedule is completed using this new data. The study also suggests that efficiencies would be gained through new definition and design of a process plant that will have an effective production rate over the full life of mine and that further test work is required to better define the operating parameters of the plant.

Planned work

Heritage now plans to advance the project through drill testing and geological studies to increase the confidence level of high-grade ore zones, particularly the known gold mineralization which is easily accessed.

Heritage is commencing a project development study to include mining and processing options, mine design and scheduling. This work will use new data collected during the following planned work:

- Underground hydrology assessment
- Underground geotechnical review
- Evaluation of underground development methodology
- Underground bulk sampling by small scale trial stoping
- Metallurgical development and test work using the ore bulk samples.
- Definition and design of an ore processing system
- Planning of environmental management and end-of-mine closure.

These project development activities will be carried out throughout the rest of 2012 and into 2013. The output of this phase of work will be a feasibility report, which is expected to confidently justify re-opening the “New” Talisman underground gold mine.

Peter Atkinson
Managing Director

Competent Person Statements

The information in this report that relates to gold exploration results is based on information compiled by or supervised by Mr Murray Stevens¹. Mr Stevens is an independent consulting geologist who is a 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.

About Heritage Gold

Heritage Gold (NZ) Limited is a leading New Zealand, dual listed (NZSX: HGD, ASX: HTM) minerals exploration company with 1800 Australasian shareholders and a portfolio of high quality mineral interests.

The Company has attractive gold properties at Karangahake and Golden Valley near Waihi in the Coromandel, New Zealand. The historic Talisman mine has a JORC compliant mineral resource¹ of 205,000 oz gold and 800,000 oz silver within a granted mining permit.

Heritage Gold owns 21.7% of Broken Hill Prospecting Limited (BPL), which is planning to develop a cobalt project at Thackaringa, about 25 kilometres southwest of Broken Hill in Australia. BPL is listed on both the ASX and NZSX (Code: BPL). More about Heritage Gold at www.heritagegold.co.nz