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## **FOR PUBLIC RELEASE**

### **Quarterly Activities Report to 31 March 2010**

Heritage Gold is pleased to present its quarterly report for the period ended 31 March 2010.

#### **HIGHLIGHTS:**

- **Talisman financial analysis updated**
- **Rahu structural assessment commenced**
- **Golden Valley survey under way**
- **Broken Hill – style base metals advancing**

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

##### **TALISMAN**

##### **Scoping Update**

The previous financial analysis scoped for the Karangahake Project has been reviewed and updated by our consultants in light of changes to gold/silver prices, capital costs and several other financial parameters since a scoping study<sup>2</sup> in late 2008.

The scoping 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.

The scoping study assessed geological potential<sup>2</sup> for the project as ranging from 0.83M oz to 3.3M oz gold and 2.47M oz to 9.88M oz silver.

The revised analysis supports the indicated development and will be used in joint venture discussions currently under way or planned.

##### **Joint Venture**

Negotiations have continued with Chinese groups interested in a joint venture (JV) and/or equity participation in the Karangahake Project.

Heritage is broadening its search for a technical and financial partner. As part of this process a project development outline is in preparation, highlighting the steps to commencement of mining.

##### **Research Work**

The University of Auckland has begun its 2010 research programme into structural geology with initial work at Karangahake. The research is directed at identifying structural settings which may be favourable for the emplacement of high grade gold mineralisation, typical of the area.

### **Mining Permit**

The Mining Permit was granted for a 25-year term in December 2009.

### **RAHU**

#### **Core Logging**

Re-logging of Rahu drill core has been completed, bringing together historical and recent drill hole data into a unified and consistent data set. This is a precursor to improved structural analysis and geological modelling to locate higher grade zones within feeder veins at depth, whose near surface expressions have been identified in numerous gold mineralised drill intersections.

#### **Structural Geology**

A structural study of the Rahu mineralisation will be carried out by an independent consultant, using the data referred to above.

The refined geological model will then assist selection of favourable sites for deeper drilling.

#### **Research Work**

In conjunction with research at Talisman, the University of Auckland has also commenced research at Rahu. The focus of this work will support the independent consultant's study into structural controls on mineralisation and aid future resource drilling and additional target generation.

#### **Permit**

The permit has been granted for a further term expiring in November 2011.

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

### **GOLDEN VALLEY**

#### **Geophysics and Geochemistry**

Within the permit the main areas of interest are characterised by a decrease in the magnetic gradient. This is interpreted as reflecting large-scale hydrothermal alteration, like that associated with all major epithermal systems in the Waihi district. Despite its close proximity to the Martha and Favona orebodies, the Golden Valley area historically has had little exploration prior to Heritage Gold's involvement.

Geophysical anomalies are now being followed up with a low-level detection soil geochemical survey, using a technique developed in the Waihi district in earlier research by the University of Auckland. The area has large thicknesses of barren cover rocks and the soil survey method has previously indicated surface anomalies reflecting buried mineralisation at the nearby Favona gold deposit.

The highest ranking anomalies interpreted from the geophysical and geochemical data will be tested by seismic surveys to select drilling targets under shallower areas of the barren cover.

#### **Research Work**

The University of Auckland is assisting Heritage to complete the soil geochemical survey and will use the data to further its research on this new technique.

#### **Permit**

A change of conditions has been granted for the permit.

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

### **REGIONAL EXPLORATION TARGETS**

#### **Exploration Results**

The Company has carried out regional exploration through a wholly owned subsidiary for epithermal gold-silver deposits, similar to those at Karangahake in the Coromandel, and for volcanogenic base

metal/gold deposits, which are of similar origin to the metal-rich submarine black-smoker deposits found off the east coast of New Zealand.

Heritage has previously reported (December quarter 2009) the results of its geological mapping and geochemical sampling, which indicated the permits were prospective for significant gold/silver, copper and other base metals.

By using modern airborne and ground exploration methods the Company believes there is a good possibility of discovering a major volcanogenic-hosted massive sulphide (VMS) copper-gold deposit.

### **Airborne Geophysical Survey**

The Company has negotiated with local councils through an industry-led approach for support for a Northland regional geophysical survey, including its Northland permits. There is increased support for this wider approach to acquiring regional data for minerals exploration and council use.

The Institute of Geological and Nuclear Science has managed the selection of airborne survey techniques and survey parameters in discussions with councils and the Company.

### **Permits**

Heritage's applications for extensions of term for its three permits, to enable the geophysical survey to be carried out, are being processed by the Ministry of Economic Development.

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

### **THACKARINGA Exploration**

A review of the area's potential for Broken Hill-style mineralisation has been completed by BHPL's consulting geologist and incorporated in an Information Memorandum which outlines the current cobalt and base metal mineral assets at Thackaringa.

### **Funding**

BHPL is considering proposals for pre-IPO funding of further drilling of mineralisation on the exploration licence, prior to preparation of a prospectus leading to a stock exchange listing.

### **Exploration Licence**

The term of the licence has been extended to 29 August 2011.

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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 and a portfolio of high quality mineral prospects in both countries.

Its gold tenements in the 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 (BHPL), which is planning to develop a cobalt project at Thackaringa, about 20km southwest of Broken Hill in New South Wales. BHPL has identified several new 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.

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