

28 April 2006

Newcastle Stock Exchange
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AUSTRALIA

PAGES:2

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Quarterly Report to 31 March 2006

HIGHLIGHTS:

- ❖ New Strategic Direction
- ❖ Gold Projects Reviewed
- ❖ New Areas Targetted

STRATEGIC DIRECTION

During the quarter Heritage undertook a strategic review of the company's operations and its medium term objectives.

Announcements to the stock exchanges will be made as the strategy is implemented.

Initially, it involves establishing a specific management team to advance evaluation of all of the company's gold projects in the Waihi gold district.

GOLD PROJECTS (New Zealand)

Heritage's gold properties are all within a 15km radius of New Zealand's largest gold deposit at the Martha mine in Waihi. The total production from Martha since its discovery is 7.3Moz gold 50.2Moz silver.

The three major projects held by Heritage are at Golden Valley (abutting the Favona and other permits held by Newmont Waihi Operations), Waihi North (adjoining the northern boundary of the Martha Open Pit mine) and Karangahake (about 15km west of the Martha Mine and containing extensive historic underground mine workings).

Heritage has 100% equity in the gold projects.

Karangahake

The project has a JORC-compliant resource base of 205,000oz gold and 800,000oz silver. A current review of the project involves consideration of alternative development paths for the contiguous Rahu, Talisman, and Dominion Knoll permits which cover the mineralised quartz vein zone for approximately 4km along strike.

The purpose of the review is to define the optimum path to the establishment of a processing plant near the project.

During the quarter the following work was completed:

- Further channel and bulk sampling in the No. 8 level to extend evaluation work.
- Further fieldwork was completed at Dominion Knoll and recent drill hole results interpreted.
- Collection of baseline water chemistry data continued.
- A site visit with a mining contractor was followed by a review of operating costs.

- The No. 8 level portal (entrance) was rebuilt and strengthened.
- Ventilation (fresh air flow) throughout the No. 8 level was improved by closing off old drives and stopes to reduce air “leaking” into the old workings.

Other Gold Projects

Further detailed work is being planned for the Waihi North and Golden Valley permits to supplement the geological and geophysical database established to date and expand geochemical knowledge of the areas.

The Waihi North property contains the northern part of the hydrothermal alteration system that hosts the Martha mine, and also the Mataura hydrothermal alteration system that lies between Martha and the Golden Cross mine to the northwest. Golden Valley lies along the eastern margin of the line of strike of Newmont Waihi's Favona underground deposit.

Northland Project (100%)

Northland Minerals Ltd (“NML”), a subsidiary of Heritage, has applied for two prospecting permits in the Northland region of the North Island.

The region has had very little modern exploration but has significant exploration potential, as evidenced by its favourable geology.

NML has identified high mineral potential for epithermal gold-silver and porphyry copper deposits, as well as gold-rich volcanogenic massive sulphide base metal deposits. The Hikurangi area is prospective for epithermal gold-silver and porphyry copper deposits, similar to those found in the Coromandel volcanic zone which hosts the 7.3Moz Martha gold deposit.

The Tangihua application is prospective for gold-rich volcanogenic massive sulphide base metal deposits, signs of which have been noted by previous explorers in the region, although no systematic exploration for major deposits has been undertaken.

Heritage is planning a comprehensive prospecting programme including geophysics, geological mapping, geochemical sampling, and computer-aided deposit modelling, to delineate areas of mineralisation for subsequent detailed evaluation.

BROKEN HILL COBALT LIMITED (New South Wales) (33%)

BHCL has consolidated its project interests in the Thackaringa area and is now planning a public fundraising in conjunction with another company operating in the Broken Hill region.

DISCLOSURE: The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Murray Ronald Stevens who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stevens is self-employed.

Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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’ and Mr Stevens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Sue Sangster
COMPANY SECRETARY