For release to the Newcastle Stock Exchange

Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

30 JUNE 2006

Consolidated statement of cash flows

			Current quarter $NZ	Year to date (3 months) $NZ
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		Nil	Nil
1.2	Payments for	(a) exploration and evaluation	(85,075)	(85,075)
		(b) development	Nil	Nil
		(c) production	Nil	Nil
		(d) administration	(80,827)	(80,827)
1.3	Dividends received		Nil	Nil
1.4	Interest and other items of a similar nature received		6,592	6,592
1.5	Interest and other costs of finance paid		Nil	Nil
1.6	Income taxes paid		Nil	Nil
1.7	Other (provide details if material) Bad debt recovered		1,041	1,041
	Net Operating Cash Flows		(158,269)	(158,269)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	Nil	Nil
		(b)equity investments	(269)	(269)
		(c) other fixed assets	(62)	(62)
1.9	Proceeds from sale of:	(a)prospects	Nil	Nil
		(b)equity investments	Nil	Nil
		(c)other fixed assets	Nil	Nil
1.10	Loans to other entities		(17,560)	(17,560)
1.11	Loans repaid by other entities		Nil	Nil
1.12	Other (provide details if material)		Nil	Nil
	Net investing cash flows		(17,891)	(17,891)
1.13	Total operating and investing cash flows (carried forward)		(176,160)	(176,160)

1.13	Total operating and investing cash flows (brought forward)	(176,160)	(176,160)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	Nil	Nil
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
	Net financing cash flows	Nil	Nil
	Net increase (decrease) in cash held	(176,160)	(176,160)
1.20	Cash at beginning of quarter/year to date	516,510	516,510
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	**Cash at end of quarter**	340,350	340,350

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $NZ
1.23	Aggregate amount of payments to the parties included in item 1.2	26,234
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment to associated companies for consulting services - Up Minister Ltd 22,500 - Project Geoscience 3,085 - Williams & Hughes 649	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	Nil

2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $NZ	Amount used $NZ
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

		$NZ
4.1	Exploration and evaluation	100,000
4.2	Development	Nil
	Total	**100,000**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $NZ	Previous quarter $NZ
5.1	Cash on hand and at bank	2,076	1,013
5.2	Deposits at call & Term Deposits	231,274	408,497
5.3	Bank overdraft	Nil	Nil
5.4	Other (provide details) - Bond	107,000	107,000
	Total: cash at end of quarter (item 1.22)	340,350	516,510

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Surrendered	N/A			
6.2	Interests in mining tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

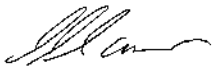
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	**+Ordinary securities**	38,623,000 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000 16,666 33,333 23,500,000 131,559,399	38,623,000 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000 16,666 33,333 23,500,000 131,559,399	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c 9c 9c 5c	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c 9c 9c 5c
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil Nil		
7.5	**+Convertible debt securities** (*description)*	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A		
7.7	**Options** – Not quoted (not transferable) – Not quoted (not transferable) – Quoted **Warrants –** quoted on NZSE & NSX; not quoted on ASX	 3,600,000 3,600,000 7,200,000 23,500,000 22,612,681	 Not quoted Not quoted 23,500,000 Not quoted	Exercise price 8c 12c 10c 8.5c (Paid to 2c)	Expiry date 20/11/07 20/11/08 30/9/08 27/6/07
7.8	Issued during quarter - Options	Nil			

7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to NSX.

2 This statement does /~~does not*~~ *(delete one)* give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2006
(~~Director~~/Company secretary)

Print name: .....Sue Sangster.....