



Incorporated in New Zealand ABN 009 474 702

REGISTERED (HEAD) OFFICE

541 Parnell Road, Parnell, Auckland, New Zealand

Phone: (+64 9) 303-1893 • Fax: (+64 9) 303-1612

Email: office@heritagegold.co.nz

AUSTRALIAN OFFICE

1st floor, 25 Richardson Street, West Perth,
Western Australia 6005

Phone: (+61 8) 9481-2040 • Fax: (+61 8) 9481-2041

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Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

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FOR PUBLIC RELEASE

HERITAGE APPOINTS CEO FOR NEW GOLD SPINOFF

Heritage Gold NZ Ltd is pleased to announce the appointment of Paul Cranney as Managing Director of Mid-Earth Minerals Limited - the new company it intends to spin out for Heritage's Waihi district gold assets.

Mr. Cranney, a New Zealander who has recently returned from Australia, will head up Mid-Earth Minerals, which has been formed to take over Heritage's gold projects near the giant Martha mine at Waihi. Recently Heritage indicated its intention to spin off a special purpose subsidiary for its gold exploration projects.

As part of the transaction, Heritage shareholders will be given an entitlement to shares in the new company which will apply for listing on the NZ stock exchange. A capital raising from the new company's shareholders of up to \$5 million is planned. This will allow Mid-Earth Minerals to boost exploration and evaluation work in the Waihi district, focusing initially on the advanced Karangahake Project.

Peter Atkinson, MD of Heritage, said the directors had searched for and found a proven gold explorer/developer in Mr. Cranney. "We have been looking for someone to take Heritage's gold exploration to a new level, and we believe we've found that person in Paul," Mr. Atkinson said.

Mr. Cranney is a highly qualified and very experienced geologist with more than 25 years experience in the mining industry, mainly in Australia and New Zealand. He previously worked for Perth-based mining company Perilya for 10 years, when Perilya was transformed from a junior exploration company to a large scale miner with significant cash flows.

Mr. Atkinson said it was a significant advantage to attract someone of Paul's calibre and with such an impressive track record to take the helm of the new company.

"We are very fortunate to have secured a person with strong technical expertise in both exploration and mining disciplines. Paul's depth of experience includes all aspects of the business including project generation, evaluations, feasibility studies, and overseeing production and major acquisitions", he said.

Mr. Cranney said he was looking forward to bringing his expertise to Mid-Earth Minerals in order to create wealth to its shareholders. "There is enormous potential in the Waihi district and I look forward to bringing this area from its existing evaluation stage to actual mining production."

Sue Sangster
Company Secretary

For further information please contact:

Peter Atkinson
Managing Director
Heritage Gold
09 303 1893
021 630 463

About Heritage Gold

Heritage listed on NZX in 1986 and has a current market capitalisation of approximately \$7.2 million. Heritage is also listed on the ASX and the Newcastle stock exchange. The company has valuable gold interests in the Waihi district of New Zealand, where it is a major tenement holder. Heritage also owns 33% of Broken Hill Cobalt Ltd in Australia and has applied for permits to prospect for gold, copper, and other base metals in Northland, about 150km north of Auckland.