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HERITAGE GOLD REPORTS POSITIVE DRILLING RESULTS

Heritage Gold is pleased to announce that core (diamond) drill holes west of Waihi have yielded positive results and identified more widespread gold mineralisation than previously anticipated.

Heritage Gold began drilling at Karangahake in mid-January after consent was granted to test the Rahu Ridge area in late 2006.

Heritage Gold managing director Peter Atkinson says the results to date are encouraging. "The first two diamond drill holes hit strong areas of gold mineralisation within quartz veined rock and lake sediments. The results indicate there are broader areas of gold than previously anticipated."

"We are satisfied with these preliminary tests, and hope subsequent drilling will provide similar encouraging results, as the gold values may well improve at depth."

Drilling to date has centred around three parallel structures, spanning a strike length nearly 2 kilometres long. The 6 to 8 holes to be drilled will help determine whether the Rahu Ridge zone is part of the same epithermal system that produced gold deposits at the Talisman mine. The Talisman mine contributed significantly to the more than 1 million ounces of gold and 3 million ounces of silver that was produced from the Karangahake mining centre up to 1992.

Today's report covers the first 2 holes drilled at Rahu Ridge. Another four to six holes will be drilled and updates provided to shareholders in the next few months.

Drilling in Hole 1 identified a strong zone of gold mineralisation with an interval of 1 metre showing 1.38 grams per tonne (g/t) gold from a depth of 16 metres, within a broader zone of 32.15 metres (at hole depth 13.85 to 46.0 metres) that averaged 0.64 g/t gold.

Hole 2 identified up to 4.15 g/t gold and 33.5 g/t silver (Ag) over 2 metres at a hole depth of 37 metres, within a broader zone of 24 metres (hole depth 36.0 to 60.0 metres) that showed 0.93 g/t gold and 13.9 g/t Ag.

A full report of the drill tests is attached as an appendix to this announcement.

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APPENDIX

Positive Results from 2 Drill Holes at Rahu Ridge, Karangahake

The first two diamond (core) drill holes in the current programme intersected mineralisation and strongly anomalous gold values within silicified quartz veined and hydrothermally brecciated volcanic breccia, and lake sediments:

- in hole 1 at a hole depth of 13.85 metres and extending to the end of the hole at 144.05 metres (total 130.2 metres); and
- in hole 2 starting at 36 metres and extending to a hole depth of 60 metres (24 metres, with a further interval at 83 to 85 metres (2 metres)).

The hydrothermal alteration system is more extensively mineralised than expected in hole 1. Interpretation of hole 2 indicates a strongly gold/silver mineralised hydrothermal breccia and quartz vein zone, approximately 20m true width, dipping steeply west and open along strike north, south, and at depth.

RESULTS

Hole 1

Hole RHDD-01 intersected a broad zone of mineralisation and highly anomalous gold and silver values, from 13.85 metres to the end of the hole at 144.05 metres depth (total 130.2 metres averaging 0.35 g/t gold), including:

- a more strongly mineralised zone of 32.15 metres grading 0.64 g/t gold (Au), from 13.85 to 46.0 metres depth; and
- within this zone, several 1 metre (m) intervals that assayed more than 1.0 g/t Au, including:
 - 1.38 g/t Au from 16 m depth,
 - 1.16 g/t Au from 32 m depth, and
 - 1.08 g/t Au from 35 m depth.

Hole 2

Hole RHDD-02 intersected a mineralised section from 36 to 60 m depth (total 24 m) grading 0.93 g/t Au and 13.9 g/t silver (Ag).

Within this zone, several higher grade intervals were encountered, including:

8m at 1.71g/t Au and 29 g/t Ag from 37 m,
2m at 4.15 g/t Au and 33.5 g/t Ag from 37 m, and
1m at 1.53 g/t Au and 2.4 g/t Ag from 52 m.

There was another intersection from 83 to 85 m:

2m at 1.53g/t Au and 2.4 g/t Ag.

Rahu Ridge is the northern strike extension of the Karangahake vein system, which lies some 2 kilometres south of the first hole. The Karangahake mining centre produced 1 million ounces of gold and 3 million ounces of silver, mostly from the Talisman mine.

Hole	NZMG Co-ords	Bearing (True)	Dip	Depth (metres)	Downhole Intersections
RHDD-01	2752269mE 6417943mN 163m RL	110°	-54°	144.05	13.85 – 144.05m: 130.2m at 0.35 g/t Au; including: 13.85 – 46.0m: 32.15m at 0.64 g/t Au, including: 16-17m: 1m at 1.38 g/t Au, 32-33m: 1m at 1.16 g/t Au, and 35-36m: 1m at 1.08 g/t Au.

Hole	NZMG Co-ords	Bearing (True)	Dip	Depth (metres)	Downhole Intersections
RHDD-02	2751837mE 6417667mN 115mRL	106°	-60°	127.55	36-60m: 24m at 0.93 g/t Au and 13.9 g/t Ag; including: 37-45m: 8m at 1.71g/t Au and 29 g/t Ag, 37-39m: 2m at 4.15 g/t Au and 33.5 g/t Ag, and 52-53m: 1m at 1.53 g/t Au and 2.4 g/t Ag. 83-85m: 2m at 0.64 g/t Au.

TARGETS

Hole 1

The hole, angled at 54° below horizontal, was collared 40 metres east of a previous reverse circulation drill hole RHRC-3, to test beneath gold mineralisation encountered in the earlier hole (5 metres at 1.73 g/t gold, from 13 metres depth).

Hole 2

Hole 2, angled at 60° below horizontal, was collared about 30 metres west of previous reverse circulation drill hole RHRC-2, to test beneath gold mineralisation encountered in the earlier hole (6 metres at 2.41g/t gold and 63.6 g/t silver, from 10 metres depth).

OBJECTIVE

The drilling programme is designed to test below previous shallow reverse circulation (RC) drill holes which encountered gold mineralisation at several locations in a 1.3 km section of the 2 km long Rahu Ridge zone.

The previous exploration work has highlighted three parallel gold mineralised structures and at least two of these will be drilled in the present programme.

The Rahu Ridge zone is interpreted as being the northern extension of the same epithermal system responsible for the gold deposits at Karangahake to the south.

Based on the geological model developed to date, and the deeper resistivity anomalies, it is expected that gold values are likely to improve at depth within the mineralised hydrothermal system. The current holes are being drilled generally 40-50m below the earlier RC drill holes.

The objective is to identify additional resources to supplement the existing gold and silver resource located in the Talisman Mine at Karangahake. The programme will indicate whether a further gold resource is likely to be defined at Rahu Ridge by this and subsequent drilling programmes.

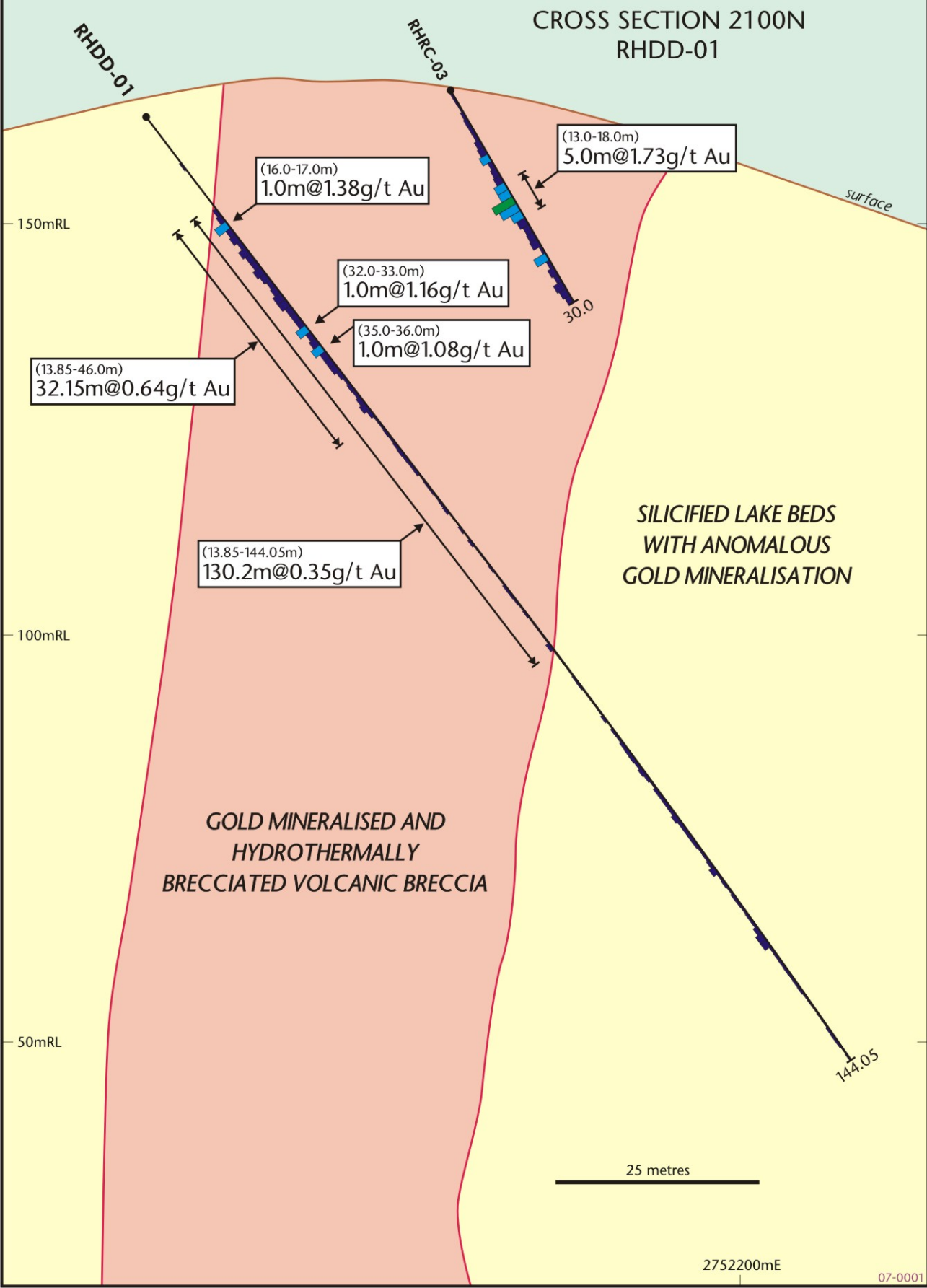
Notes on Drilling and Sampling:

1. HQ triple tube sized diamond drill core used for the holes being reported, apart from RHDD-02 where NQ triple tube sized core was used from 70m depth, due to technical drilling difficulties.
2. All drill core was geologically logged, and cut by diamond saw. Half core samples, each approximately 1 metre in length, or as defined by the geology within highly mineralized sections, were submitted to SGS Laboratories in Waihi for analysis. Zones with no visible mineralisation were submitted as 2 metre samples.
4. Gold was analysed by fire assay, using a 50g charge, and silver by atomic absorption spectrophotometry (AAS).
5. A system of standards, duplicate samples and check assays was used to confirm tenor and integrity of the assay database.

DISCLOSURE: 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.

About Heritage Gold

Heritage listed on NZX in 1986 and has a current market capitalisation of approximately \$7 million. Heritage is also listed on the ASX and the National Stock Exchange of Australia (formerly 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, silver, copper, and base metals in Northland, about 150 kilometres north of Auckland.



KARANGAHAKE PROJECT
RAHU AREA

CROSS SECTION 1700N
RHDD-02

