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Newcastle Stock Exchange  
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AUSTRALIA

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**FOR PUBLIC RELEASE**

**Report on Exploration at the Karangahake Project, Waihi gold district, NZ.**

Heritage Gold has completed a programme of geological mapping, geochemical sampling and ground geophysics over the Rahu Ridge-White Rocks prospect that is interpreted as the northern extension of the historic gold-silver mines at Karangahake.

The results are highly encouraging and the Company plans to commence drilling shortly.

**Geochemistry**

Soil auger sampling over a 1700m by 400m gridded area yielded a total of 253 samples. Four anomalous zones of gold, silver and arsenic geochemistry have been delineated with gold values ranging from 0.02 to 0.88 g/t, and ranging in area from 150m by 50m up to 550m by 300m. Arsenic and silver values generally form broad dispersion haloes around the gold anomalies, adding weight to the interpreted mineralised source for the gold anomalies.

**Geophysics**

Following the soil sampling, a ground resistivity geophysical survey was undertaken on the grid. This survey was designed to find resistors that could reflect buried quartz vein zones that acted as feeders to the surface mineralisation.

The survey outlined four prominent north east trending resistive zones over a total strike length of 1400m. The individual zones range in size from 800m by 150m to 300m by 100m, with one zone open to the north and another to south, extending beyond the grid boundary.

**Geological Mapping**

Follow up geological mapping located areas of quartz veining, hydrothermal brecciation and eruption breccia not previously recognized. These observations tend to confirm the Company's view that the Rahu Ridge-White Rocks prospect is the mainly intact downthrown northern extension of the Karangahake gold deposits and is similar to the geological setting of the Onemana (Heritage) and Favona (Newmont) discoveries in the district.

**Drilling**

A programme of shallow RC percussion drilling designed to test the geochemical anomalies and the upper parts of the geophysical anomalies will commence shortly.

**Disclosure:** Relevant sections in the above statement are based on information compiled by a corporate member of The Australasian Institute of Mining and Metallurgy with over five years relevant experience.

**HERITAGE GOLD NZ LTD**

Sue Sangster

**Company Secretary**