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Waihi North Gold Project, NZ - Drilling Results

Highlights

- The first diamond drill hole (WNDDH-1) was collared about 400m north north east of the Martha mine to test 3 resistive zones found in recent geophysical surveys.
- Several weakly gold anomalous zones ranging from 0.02 to 0.07g/t Au were encountered within strong hydrothermal alteration that included 5.1m (down hole width) of hydrothermal breccia.
- While no economic mineralisation was intersected the results confirm that the mineralising system responsible for the Martha deposit extends into the Waihi North permit.
- The results do not adequately explain the source of the geophysical anomalies. It is possible the hole was drilled above them and the Company is taking samples for testing to investigate this further.

Hole WNDDH-1

The results of the first diamond drill hole have been received. Sited about 400m north north east of the Martha mine, the hole was drilled at NZMG Reference 2762133mE 6420895mN, on a bearing of 150 degrees and a declination of 40 degrees from horizontal.

The hole was designed to test 3 resistive zones found in the Company's recent ground geophysical survey and terminated at 148.25m. There is no record of any previous drilling in this locality.

Assay results showed several weakly gold anomalous zones ranging from 0.02 to 0.07g/t Au. Silver and arsenic values were also slightly anomalous in these zones, consistent with the altered rocks encountered.

Electrical logging of the core recorded 4 minor resistive zones at 3-8m, 54-57m, 92-97m, and 125-130m, but these do not adequately explain the resistivity anomalies found by the ground geophysical survey.

Rocks encountered in the hole were all strongly hydrothermally altered and sulphide mineralised flow andesites. Distinct alteration zoning was apparent, with a near surface zone of illite-smectite, and smectite clays plus pyrite to 67m, passing into a illite-pyrite dominant alteration assemblage to 94.8m. The alteration intensity then reduced to a chlorite - calcite - clay - pyrite assemblage to 141.1m, followed by a 5.1m wide (down hole) zone of hydrothermal brecciation and intense illite-pyrite alteration to 146.2m, and then into illite-chlorite-calcite-pyrite alteration to the end of the hole.

Well developed calcite-pyrite veinlets from 31m onwards overprint the main alteration types observed.

While no economic mineralisation was intersected the results confirm that the mineralising system responsible for the Martha deposit extends into the Waihi North permit.

Heritage is now taking samples of the drill core for petrological and x-ray diffraction analysis to help determine if the hole passed above quartz veining that could be the source of the resistivity anomalies.

Hole WNDDH-2

Results from hole 2, which has been completed at 113.25m, are expected at the end of this week.

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