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FOR PUBLIC RELEASE

Quarterly Activities Report to 31 December 2010

Heritage Gold is pleased to present its quarterly report for the period ended 31 December 2010.

HIGHLIGHTS:

- **Thackaringa drill results extend zones**
- **BHPL IPO advances**
- **Talisman JV negotiations**
- **Encouraging data from Golden Valley**

BROKEN HILL PROSPECTING LIMITED - NSW, AUSTRALIA (Heritage 29.8%)

THACKARINGA

In late November 2010 Broken Hill Prospecting Ltd (BHPL) distributed its prospectus in Australia and in New Zealand (under the Mutual Recognition of Securities regulations), relating to the issue of up to 25 million shares of A\$0.20 each with 1 free attaching option for every 2 shares allotted, exercisable at A\$0.20 each at any time within 3 years from the date of listing of BHPL on the ASX.

Shareholders in Heritage Gold were granted a priority entitlement to take up shares in the issue.

The closing date of the issue was extended beyond the holiday period to 31 January 2011, allowing ample time for Heritage shareholders to respond.

The original Broken Hill ore bodies - the largest of their type globally - have been mined continuously for over 120 years and have generated revenues exceeding \$80 billion.

Broken Hill Type Mineralisation

BHPL has identified numerous base metal gossans and other evidence of near-surface Broken Hill Type (BHT) mineralisation within its tenements about 25 kilometres (km) southwest of Broken Hill. These warrant extensive testing to evaluate their economic significance.

During the quarter a rotary air blast (RAB) drilling programme, managed by Heritage Gold, was completed on two prospects. In all, 954 holes were drilled for a total of 3130 metres (m) at an average depth of 3.3 m to test extensions of surface mineralisation, beneath shallow soil cover.

Pyramid Hill

At Pyramid Hill, the target zone is at least 500 m long, with its continuity established by RAB drilling between gossan outcrops. Anomalous copper occurs in the RAB holes on most lines drilled through shallow cover with values up to a maximum of 0.43% copper.

These gossan outcrops, supported by geochemical contours, trace the extent of several tight complex fold structures which host the mineralisation. These are similar in shape to those observed on the Broken Hill main line of lode. The geological setting and geochemistry indicate a copper rich BHT analogue at Pyramid Hill.

Himalaya North

The mineralised lodes can be traced for over 600 m, using gossan outcrops and geochemical contours as a guide, and may extend for over 1000 m (additional untested lodes have been identified to the north and north east of the RAB drilled area).

Collectively, the results confirm the continuity of the mineralised lodes over a greater length than previously known.

Mapping and geochemistry from surface sampling of the lodes and RAB drill holes indicate a classical BHT mineralised environment with highly anomalous zinc (Zn), lead (Pb), copper (Cu) and manganese (Mn).

These are associated with the characteristic rock types that host BHT mineralisation, including manganese enriched metasediments, garnet-altered amphibolites and altered Potosi gneiss.

The host rocks also include important mineralised indicator rock types which contain the BHT mineralisation and are identical to those seen at Broken Hill. These are blue quartz gahnite, garnet quartzite and lead-rich lode pegmatite.

A reverse circulation drilling programme involving 6 angled RC holes to about 100 m depth on each prospect (total of 12 holes for about 1200 m) is scheduled to commence at the end of January.

The resurgence of interest in the Broken Hill region reflects the recognition of its enormous untapped potential for the discovery of new ore bodies.

Cobalt Deposits

BHPL also has two mining leases over significant deposits of cobalt-bearing pyrite, where total inferred mineral resources¹ have been estimated at 15 million tonnes with a combined average grade of over 2.1 pounds (lb) per tonne (t).

As most previous drilling was limited to about 100 m depth there is considerable potential to discover extensions of the existing cobalt deposits and other additional cobalt mineralisation nearby, with the possibility of doubling the current resource.

Full details of the offer can be found in the prospectus at www.heritagegold.co.nz or www.bhpl.biz or by phoning +612 9252 5300 in Australia or +649 303 1893 in New Zealand.

KARANGAHAKE GOLD PROJECT – Coromandel, NZ (Heritage 100%)

TALISMAN

The Company's corporate advisors, Campbell MacPherson, have indicated that the search process for a suitable joint venture (JV) partner is progressing well, with considerable interest shown to date, and approaches to other prospective JV partners ongoing.

RAHU

This exploration permit is the northernmost of two contiguous permits that comprise the Karangahake Gold Project. The other is the Talisman mining permit.

The project area includes the bulk of a 4 km long north-northeast trending zone of epithermal mineralisation. Breccia zones that crop out at Rahu represent the upper levels of a major mineralised hydrothermal system.

Heritage Gold's previous drilling encountered strongly anomalous gold and silver over mostly broad intervals.

During the quarter, Heritage Gold finalised a peer review of the recent independent structural analysis report. In addition, Heritage completed an internal review of all the soil geochemistry and drill hole data from the Rahu permit.

From the two studies, several new areas were identified that appear to contain zones of higher grade, which may represent high grade ore shoots.

The Company is reviewing a proposal to test several cutting edge geophysical techniques over the Rahu area, which could achieve 300-400 m penetration and assist drill target selection.

WAIHI GOLD EXPLORATION – Coromandel, NZ (Heritage 100%)

GOLDEN VALLEY

The Golden Valley exploration permit lies east of Waihi and occupies an area of nearly 25 square kilometres (km). Some of the most prospective areas lie only 3 km east of Newmont's Martha Mine and 2 km east of their Favona orebody.

Most of the potentially mineralised bedrock is obscured by barren cover up to a maximum of 200-300 m thick and Heritage Gold is using advanced exploration techniques to detect possible concealed gold mineralisation.

Heritage undertook a 1200 m long seismic survey over prospective parts of the permit, which contain deeply buried demagnetised rocks believed to represent areas of hydrothermal activity that could host Martha/Favona style epithermal gold vein systems. Possible silicified zones were interpreted from the seismic survey, which appear to correlate with demagnetised zones and surface gold anomalism.

A further soil geochemical survey on a 50 m x 100 m grid improved the definition of earlier surface gold anomalies. The geochemistry, along with data from seismic and magnetic surveys, was brought together to identify likely drill targets.

OTHER PROSPECTS

The Company continues to review opportunities to access potential large-scale high grade epithermal gold targets in the southwest Pacific region.

Competent Person's Statement¹

Mr Trueman consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears. Specifically Mr Trueman is Competent Person for and consents to the inclusion of the previously reported cobalt Mineral Resource disclosures for Pyrite Hill and Big Hill contained in the Report. Mr Trueman is independent of Broken Hill Prospecting Limited and Heritage Gold NZ Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Trueman 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*.

Competent Person Statement²

The information in this report that relates to gold exploration results is based on information compiled by or supervised by 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.

Competent Person Statement³

The information in this report that relates to BHPL base metal exploration results is based on information compiled by Mr. Wolfgang Rudolf Leyh MScApp; MScQual; BScApp. Mr Leyh is an independent consulting geologist who is a corporate member of the AusIMM. Mr Leyh has sufficient experience which is relevant to the style of mineralization 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 Leyh consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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About Heritage Gold

Heritage Gold (NZ) Limited is a leading New Zealand, dual listed (NZSX: HGD, ASX: HTM) minerals exploration company with over 1600 Australasian shareholders and a portfolio of high quality mineral prospects in both countries.

The Company has attractive gold properties at Karangahake and Golden Valley near Waihi in the Coromandel, New Zealand. The historic Talisman mine has a JORC compliant resource² of 205,000 oz gold and 800,000 oz silver within a granted mining permit and joint venture discussions are under way to develop the mine.

Heritage Gold owns 29.78% of Broken Hill Prospecting Limited (BHPL), which is planning to develop a cobalt project at Thackaringa, about 25 kilometres southwest of Broken Hill in New South Wales.

BHPL has also identified several new Broken Hill Type (BHT) base metal occurrences at Thackaringa, where preliminary drilling has indicated BHT lode bearing rocks over lengths of at least 500 metres at two prospects.

BHPL's prospectus for its IPO closes 31 January 2011. The company is seeking to list on the ASX and NZSX.

More about Heritage Gold at www.heritagegold.co.nz