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3 pages

**ANNOUNCEMENT BY HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)
FOR PUBLIC RELEASE**

Quarterly Activities Report to 31 March 2011

Heritage Gold is pleased to present its quarterly report for the period ended 31 March 2011.

HIGHLIGHTS

- **Drilling at Pyramid Hill near Broken Hill finds copper, gold, silver and base metal zones up to 40m thick**
- **Follow up drilling at Pyramid Hill planned**
- **Talisman JV discussions continue**
- **Drilling targets identified at Rahu**
- **Rahu CSAMT geophysical survey under way**
- **Drilling targets identified at Golden Valley**

BROKEN HILL PROSPECTING LIMITED - NSW, AUSTRALIA (Heritage 21.7%)

THACKARINGA

Heritage Gold's strategic investment in Broken Hill Prospecting Ltd (BPL) was converted to a 21.7% interest in the listed company on 17 February 2011 when BPL shares were quoted on the ASX and NZSX.

The market capitalisation of the Heritage Gold interest at listing was NZ\$4.7m (excluding 8,464,500 five year options held).

During the period BPL completed reverse circulation (RC) drilling programmes at Pyramid Hill and Himalaya North prospects, about 25km south-west of Broken Hill. Earlier mapping, sampling and shallow rotary air blast (RAB) drilling had identified extensive base metals sulphide gossans on these prospects.

The RC drilling programme at Pyramid Hill encountered copper, gold, silver and base metal zones up to 40 metres thick in several drill holes. Follow up drilling is planned beneath alluvial cover.

BPL's report is at http://www.bhpl.biz/contlmg/Articles/File/Q1_ASX_March_2011_BHPL_report.pdf

Results for holes at Himalaya North are awaited.

BPL has several other base metal prospects within the exploration licence that warrant drilling, as well as two cobalt deposits with a total inferred mineral resource¹ estimated at 15 million tonnes with a combined average grade of more than 2.1 lbs per tonne.

After the end of the quarter the BPL board appointed Dr Ian Pringle to the position of managing director to commercialise its Pyrite Hill and Big Hill cobalt deposits and to explore the base metal prospects on its Thackaringa licence near Broken Hill.

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

TALISMAN

Campbell MacPherson, advisor to the company, is managing due diligence investigations by companies that have expressed interest in the Talisman project.

Approaches to companies regarding a potential joint venture over the project continued during the quarter.

Preparations were undertaken at the end of the quarter to provide access for surface rock sampling of the northern extensions of the Talisman veins on Taukani Hill at the northern end of the mining permit.

RAHU

The exploration permit covers the northern extension of the Talisman vein system, beyond the Ohinemuri River.

Interpretation of the structural geology and results of previous geochemical and geophysical surveys indicated several drilling targets where higher gold grades are predicted at depth below previous drill holes.

Additional surface geological mapping completed during the quarter will be correlated with diamond drill core intersections from previous programmes.

In association with the University of Auckland a Controlled Source Audio Magneto Tellurics (CSAMT) geophysical survey was commenced over Rahu Ridge. The technique should penetrate to about 300 metres depth and assist drill target definition.

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

GOLDEN VALLEY

The Golden Valley permit lies east of Newmont Mining's Martha and Favona mines at Waihi.

From seismic surveys, ground magnetic surveys and advanced geochemical exploration techniques several drilling targets have been selected.

An application by Heritage Gold for Change of Conditions (COC) and Extension of Duration (EOD) of the permit has been processed by the Ministry of Economic Development. The proposed work programme has been accepted by the Company and grant of the COC and EOD is awaited.

OTHER PROSPECTS

The Company is currently investigating gold prospects in Papua New Guinea in its search for potential large scale high grade gold deposits in the south-west Pacific area of the "Ring-of-Fire".

DIRECTOR RESIGNATION

Immediately following the end of the quarter Mr Warwick Grigor resigned as a director after nearly four years on the Board, including positions on the Audit and Remuneration Committees.

The Company acknowledges the significant contribution made by Mr Grigor and is now seeking to appoint a new independent director.

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 BPL 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.

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 21.7 % of Broken Hill Prospecting Limited (BPL), which is planning to develop a cobalt project and has found Broken Hill type mineralisation at Thackaringa, about 25 kilometres southwest of Broken Hill in New South Wales. BPL listed on the ASX (Code BPL) and NZSX (Code BPL) on 17 February 2011.

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