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

Quarterly Activities Report to 31 December 2011

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

HIGHLIGHTS

- Updated Scoping Study advanced for Talisman gold development
- Mining engineer to be appointed to manage the Talisman project
- Drilling at Thackaringa NSW, by 21.7% owned Broken Hill Prospecting, increases size of Pyrite Hill cobalt deposit by 55%
- Geophysical survey at Thackaringa outlines likely extensions to existing zones and identifies new cobalt prospects for drilling early 2012
- Exploration licence sought for gold-copper prospect in Papua New Guinea.

KARANGAHAKE GOLD PROJECT (100%) – Waihi district, NZ

Talisman Mine

The updated Talisman Scoping Study was nearing completion by the company's Australian mining consultants at the end of the quarter.

This update of the 2008 study will provide the Board with an understanding of the project's current potential, given major changes in the gold price; increased fuel, power and steel costs; and the emergence of new processing technology.

Joint venture discussions have been suspended during this process until the company has a clearer understanding of the potential value of the asset in the current financial climate.

At the end of the quarter Heritage was negotiating the appointment of an experienced mining engineer as General Manager Mining to oversee the Talisman project.

Initially the appointee will consider key issues raised in the updated Scoping Study and the likely timeline and costs to develop the mine, either by Heritage alone or in joint venture with another mining company.

Further rock sampling and detailed surface mapping of quartz veins, which previously yielded bonanza grades at Taukani Hill - the northward extension of the Talisman vein system - have been deferred until technical staff are available to undertake the work.

Rahu

The Talisman vein system is interpreted to extend northwards, beyond Taukani Hill, into the Rahu exploration permit for about two kilometres.

The geological model developed by Heritage indicates the likelihood of higher gold grades in feeder veins at depth.

Previous drilling was limited to a vertical depth of about 100 metres and intersected broad intervals of generally low-medium grade gold/silver mineralisation in silicified breccias.

A Controlled Source Audio Magneto Telluric (CSAMT) geophysical survey achieved a penetration depth of around 300 metres and suggested a narrowing of the surface disseminated mineralisation into what appear to be more confined higher grade mineralised feeder zones.

A subsequent expert examination of the breccias in drill core supports the geological model and has aided the selection of deeper drilling targets.

The company's application for an extension of the exploration permit is being processed by the Ministry of Economic Development.

GOLDEN VALLEY PROJECT (100%) – Waihi district, NZ

Heritage has undertaken several geophysical and geochemical surveys, resulting in the identification of coincident and overlapping anomalies. Fill-in sampling will be undertaken to aid selection of drill holes to test the main anomalies.

The exploration permit extends along the eastern side of Newmont's mines at Waihi.

NORTHLAND BASE METAL PROJECT (100%) - Northland region, NZ

A wholly owned subsidiary of Heritage has applied for an exploration permit covering 1188 hectares, which includes a copper prospect and geological environment prospective for base metals and gold about 30 kilometres west of Whangarei. The area has had little exploration attention in the past 30 years.

The permit application is being processed by the Ministry of Economic Development.

BROKEN HILL PROSPECTING LTD (21.7%) – NSW, Australia

Thackaringa²

Heritage has a 21.7% interest in Broken Hill Prospecting Ltd (BHPL), which is listed on the Australian and New Zealand stock exchanges (Code: BPL).

Following deeper drilling by BHPL to test cobalt-bearing horizons at Pyrite Hill known mineralisation was extended to at least 300 metres down-dip and it remains open at depth and to the north west.

BHPL reported that the size of the Pyrite Hill deposit had increased by 55%, with an inferred mineral resource estimated at 16.4 Mt at a grade of 1.83 lb/tonne cobalt.

At the same time BHPL reported geological potential for an additional 14–24 million tonnes of cobalt mineralisation of similar grade peripheral to the mineral resource at Pyrite Hill. (It should be noted, in accordance with the JORC Code, that this target is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource).

The resulting combined inferred resource at Pyrite Hill and nearby Big Hill is 20.8 Mt at a grade of 1.87 lb/tonne cobalt.

An induced polarisation (IP) geophysical survey was recently completed over the Pyrite Hill deposit and along a series of small hills and ridges extending more than 4 km north east from the Big Hill deposit. Encouraging zones of north-east oriented, highly conductive rocks were identified in the Big Hill area.

Drilling of the three main target zones is planned for early 2012 to seek extensions to the existing cobalt mineral resource.

BHPL is working towards defining an inventory of near-surface cobalt mineralisation able to support a 4 to 5 million tonnes per year mining operation.

For full details see www.bhpl.biz

OTHER PROSPECTS

Heritage is seeking an exploration licence over a gold-copper prospect in the eastern Highlands in Papua New Guinea.

In addition to looking for possible large-scale high-grade epithermal gold targets in the south-west Pacific, the company is also reviewing data for gold properties in Asia, including a gold project in Mongolia.

Competent Person Statement

*The information in this report that relates to gold exploration results is based on information compiled by or supervised by **Mr Peter Atkinson**. Mr Atkinson is an independent consulting geologist who is a Fellow of the AusIMM. Mr Atkinson 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 Atkinson 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 Statement¹

*The information in this report that relates to gold mineral resources 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 Statement²

*The cobalt exploration activities and results contained in this report is based on information compiled by **Dr Ian Pringle**, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Managing Director of Broken Hill Prospecting Ltd and also a Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Pringle has consented 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 1800 Australasian shareholders and a portfolio of high quality mineral interests.

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 mineral resource¹ 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 is also seeking large scale gold and copper prospects in Asia and the South West Pacific regions. The company has applied for a licence over a gold-copper prospect in Papua New Guinea.

Heritage Gold owns 21.7 % of Broken Hill Prospecting Limited (BPL), which is planning to develop a cobalt project (total cobalt inferred mineral resource² 20.8 million tonnes at 1.87 lb/tonne) and has found Broken Hill type mineralisation at Thackaringa, about 25 kilometres southwest of Broken Hill in Australia. BPL is listed on both the ASX and NZSX (Code: BPL).

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