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TALISMAN GOLD RESOURCE INCREASES TO 205,000 OZ

Heritage has increased its resources to 205,000 ounces of gold and 800,000 ounces of silver in the Talisman Mine, at Karangahake near Waihi in New Zealand. This represents an increase of 87% Au and 102% Ag on the previously announced resources.

Heritage recently completed Phase 2 of its resource evaluation of the Talisman mine at the Karangahake Project as part of a staged programme leading to gold production. The Talisman is an epithermal vein deposit with past recorded production of approximately 1Moz of gold and 3Moz of silver from numerous high grade shoots.

Phase 2 consisted of the drilling of 22 core holes into the Dubbo, Mystery and Woodstock sections of the old Talisman mine. The majority of these holes tested the Dubbo section. Additional channel sampling was completed in parts of the Woodstock and Crown sections that were not accessible during Phase 1. The results, supported by historic data, further demonstrate the continuity of the main vein structures.

The objectives of increasing the confidence level and expanding the resource were both achieved, as shown in the comparison of the gold resources between Phases 1 and 2.

Resource Category	Phase 1 Au oz	Phase 2 Au oz	Increase Oz	Increase %
Measured	Nil	34,000	34,000	100
Measured + Indicated	63,400	65,660	2,260	4
Measured + Indicated + Inferred	109,600	204,760	95,160	87

The Dubbo section on the No. 8 level was the main area targeted to achieve this increase as it has high grades and the best access for drilling. Large amounts of fill in the No. 4 level and a blockage of the internal shaft to the No. 10 level meant that accessing these parts of the Dubbo section had to be deferred, in order to complete the programme within time and budget constraints.

The major vein in the historic Talisman mine is the Maria, characterised by several high grade shoots, of which the Dubbo is a typical example. To demonstrate this, applying a lower cut of 1.0 g/t Au to the measured and indicated categories in the Dubbo resource model reduces the tonnage of mineralised rock from 91,100 tonnes to 29,300 tonnes and increases the weighted average grade from 9.5 g/t to 30.7 g/t Au. This represents more than a 300% increase in gold grade, but only a 2% drop in contained gold (from 29,500 to 28,900 oz).

Heritage expects to find more of these shoots in the zones now classed as inferred resources, as further access is established. This has been the history of the mine.

Similar shoots are found in the Woodstock section of the Maria vein (such as intersected in hole KP002B with assays up to 44g/t Au over 0.55m), and in the Mystery vein. Sampling in the Crown vein has increased its grade from 4.7g/t to 6.3g/t Au and confirmed its more consistent grade distribution.

Estimates of stockpiles of broken ore have been included where they have been accurately surveyed, systematically sampled and assayed. During the current programme numerous areas with broken ore within stopes and drives have been identified. The extent of these is greater than originally expected and they will be further evaluated.

Heritage now plans to move forward into a programme of metallurgical sampling and further underground drilling. The metallurgical sampling is planned to produce bulk samples for toll processing though Newmont's process plant at Waihi towards the end of 2005, subject to completion of permitting and commercial agreements.

Talisman Mine Resource Estimate Summary

Vein	Category	Tonnes	Au		Ag	
			Grade	Ounces	Grade	Ounces
Maria vein – Dubbo section	Inferred	351,000	10.0	112,900	31.5	355,500
	Indicated	36,900	10.0	11,900	31.4	37,300
	Measured	54,200	9.1	15,800	30.4	53,000
Maria vein – Woodstock section	Inferred	45,200	2.7	3,900	30.6	44,500
	Indicated	112,200	2.7	9,700	30.6	110,400
	Measured	119,000	2.7	10,400	31.3	119,900
Mystery vein	Inferred	30,900	6.1	6,100	10.2	10,100
	Indicated	12,100	6.2	2,400	10.3	4,000
	Measured	9,200	6.1	1,800	10.1	3,000
Crown vein	Inferred	80,100	6.3	16,200	12.7	32,700
	Indicated	35,900	6.3	7,300	12.7	14,700
	Measured	30,100	6.2	6,000	12.4	12,000
Stockpiles	Indicated	590	19.0	360	91.7	1,740
Total	Inferred	507,200	8.5	139,100	27.2	442,800
	Indicated	197,690	5.0	31,660	26.5	168,140
	Measured	212,500	5.0	34,000	27.5	187,900
TOTAL		917,390	6.9	204,760	27.1	798,840

Notes on Resource Estimate:

- HQ triple tube sized diamond drill core used for all holes apart from 4 short diamond core holes in the Woodstock section where conventional H sized core was collected.
- Channel samples cut using diamond saw, and chipped by handheld methods.
- All drill core was geologically logged and cut using diamond saws. Half core and channel samples were submitted to SGS Laboratories, Waihi for analysis.
- Gold analysed by fire assay using 50g charge and silver by atomic absorption spectrophotometry(AAS).
- System of standards, duplicate samples and check assays confirm tenor and integrity of assay database.
- Bulk density of 2.65g/cm³ determined by water displacement method on 6 representative quartz vein samples.
- Resource estimate calculated using inverse distance squared method with cell size of 5m by 5m by vein width.
- Measured mineral resource estimate based on a maximum of 12.5m from any sample position.

9. Indicated mineral resource estimate based on a maximum of 25m from any sample position.
10. Inferred mineral resource estimate based on areas greater than 25m from any sample position where there is evidence of geological continuity.
11. Ore zone defined by geology, no lower cut off used. High gold assays were cut to the 97.5 percentile in the Dubbo due to very high sample values.
12. Only stockpiles that could be fully surveyed and sampled are included.

The information in this report that relates to mineral resources is based on information compiled by Mr Graeme Fulton and Mr Murray Stevens. Mr Stevens is an independent consulting geologist. Mr Fulton, of Terra Mining Consultants Limited, is an independent consulting mining engineer. Both are corporate members of the AusIMM. Mr Stevens and Mr Fulton have 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 Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stevens and Mr Fulton consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Sue Sangster
Company Secretary