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HERITAGE BEGINS UNDERGROUND DRILLING PROGRAMME

An underground diamond drilling rig has been mobilised for the Talisman mine in the Karangahake project area.

The core drilling programme of 23-25 holes is part of the Phase 2 resource evaluation due for completion in January.

The objectives of this programme are to upgrade and more than double the current resource base as a precursor to commencing a feasibility study. Current indicated and inferred resources at Talisman total 109,600oz of gold and 438,400oz of silver.

A conceptual mining study has already been completed by Tennent, Isokangas Pty Limited (consulting mining engineers) for a 50,000oz per year operation. This study estimated the capital cost at NZ\$24 million (including a 20% contingency) and cash operating costs of NZ\$379 per oz. At the current gold price of around NZ\$615 per oz this would produce an annual cash operating profit of around NZ\$12 million.

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ABOUT HERITAGE GOLD NZLTD

Heritage is an ASX, NZX and NSX listed company with major gold exploration and development interests in the Waihi District, North Island, New Zealand. The areas are highly prospective for epithermal gold deposits and the Company is the largest tenement holder within a 15 kilometre radius of Newmont's Waihi treatment plant.

Heritage is actively pursuing development opportunities and its immediate focus is the development of the Talisman underground mine at Karangahake, where indicated and inferred resources total 109,600oz of gold and 438,400oz of silver. Its exploration properties cover the mineralised northern and southern extensions of the vein systems at Talisman over a total length of 4 kilometres.