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FOR PUBLIC RELEASE

Quarterly Report to 30 September 2004

HIGHLIGHTS

- Talisman Phase 2 evaluation underway to more than double resource base
- Conceptual mining study shows development economically justified
- Bankable feasibility study for 50,000oz pa planned to follow Phase 2
- Dominion Knoll results increase scale of exploration targets near Talisman

GOLD PROJECTS (New Zealand)

Karangahake Project

Talisman Phase 1

Heritage previously completed the Phase 1 underground sampling programme at the Talisman Mine in the Waihi district and identified (JORC Code compliant) indicated and inferred resources of 109,600oz of gold and 438,400oz of silver.

This was the first step towards new development at Karangahake, where historic mining yielded 1,000,000oz of gold and 3,000,000oz of silver. Karangahake is about 15km west of Newmont's Martha Mine and plant at Waihi.

Conceptual Mining Study

A conceptual mining study was undertaken by Tennent, Isokangas Pty Ltd ("TIP"), consulting mining engineers, based on underground mining of 150,000 tonnes of ore annually to produce 50,000oz of gold per year, initially by toll treatment. The study estimated the capital cost at NZ\$24M (including a 20% contingency factor) and cash operating costs of NZ\$379 per oz, for a potential cash operating profit of around NZ\$12M per annum at current gold prices.

Talisman Phase 2

Heritage has commenced the Phase 2 underground diamond drilling/sampling programme, which is aimed, by January, at more than doubling the existing resource base and raising the resource category, to support a development decision.

Access has been established to the number 4 level and removal of rock falls is underway to provide access for further sampling to extend the defined gold resource envelope in the Maria vein.

After the end of the quarter a diamond drill was mobilised to test the interpreted gold resource envelope on several section lines from the 8 level on the Maria vein.

Access is also being established from the 8 level down to the 10 level to enable sampling of the depth extension of the defined gold resource on the Maria vein.

Baseline and Feasibility Studies

In conjunction with this work preliminary baseline environmental studies have commenced to provide a basis for assessing the effects of a future underground mining operation. A bankable feasibility study for development of the Talisman resource is being planned to follow completion of the Phase 2 programme.

Dominion Knoll Results

Exploration at Dominion Knoll, south and south west of the Talisman mine, was most encouraging. Several major quartz veins were identified with anomalous gold geochemistry within 4 broad north trending mineralised zones. These mineralised zones show distinct magnetic signatures and coincident resistivity anomalies which, based on experience, are likely to reflect quartz veins at depth.

The results significantly increase the scale of the exploration targets in the Karangahake project, adjacent to the Talisman mine.

The main mineralised zone at Karangahake can be traced from south of the Talisman mine for about 4km north-northeast, to where gold was intersected in drillholes at the north end of Rahu Ridge.

Routine exploration continued on other gold properties held by the Company.

COBALT PROJECT (Australia)

Heritage has a 33% equity in Broken Hill Cobalt Ltd ("BHC") which holds mining tenements over the Thackaringa Cobalt project near Broken Hill in NSW, Australia.

Bio-Leach Testwork

The column and tray bacterial leach testwork was concluded during the quarter and a laboratory report was received after the end of the quarter. Cobalt dissolution was achieved in both tests and the Company's consultant metallurgist is assessing the results.

Investigations during the testwork showed jarosite precipitation with co-precipitation of cobalt from solution in both types of tests. This resulted in apparently limited cobalt dissolution compared with results from stirred tank amenability testwork previously undertaken on similar ore material. A likely solution to this co-precipitation issue has been recommended for consideration when further testwork is undertaken.

Broken Hill Cobalt Ltd (Heritage 33%)

An independent geologist's report was prepared on the Company's projects and an independent process review report was prepared on testwork that has been undertaken on the cobaltiferous pyrite ore and a flowsheet was recommended.

A Heads of Agreement was signed with Elephant Mines Pty Ltd to acquire one Exploration Licence in the Broken Hill area and two Exploration Licence Applications in the Lachlan Fold Belt of New South Wales. The areas are prospective for base metals (copper, lead and zinc) and gold, with advanced drill-ready targets.

A Heads of Agreement was also signed with Platsearch NL (www.platsearch.com.au) to joint venture part of its Hollis Tank Exploration Licence in the Broken Hill area. The EL is adjacent to Pine Ridge and follows a trend to the south and west. At the Great Goulburn prospect previous drilling intersected cobalt mineralisation in several holes, as well as gold. Other significant base metal anomalies have potential for gold and base metal mineralisation.

COMPENSATION

The Company's claim against the Crown was adjourned by the High Court until 4 November 2004. Outstanding issues are the subject of negotiations between the Company's legal advisors and lawyers for the Crown. All relevant documents required for the hearing have been lodged by the Company.

FUNDING

During the quarter Heritage raised a total of AU\$960,000 for exploration work in the Talisman area and working capital, through a placement of 12M ordinary fully paid shares at issue price of AU8cents per share. The placement was managed by the Venture Group Pty Ltd, Sydney.

ANNUAL MEETING

At the Annual Meeting on 11 August G G Hill and J M McKee were re-elected as directors and Mr. Pat Elliott was elected a director of the Company. Shareholders also adopted a new constitution, compatible with the statutory requirements of the Australian and New Zealand stock exchanges.

DISCLOSURE: Relevant sections in the above statement are based on information compiled by Murray Ronald Stevens, a corporate member of The Australasian Institute of Mining and Metallurgy with over five years relevant experience.

Sue Sangster
COMPANY SECRETARY