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**PAGES 2**

**FOR PUBLIC RELEASE**

**Waihi North Gold Project, NZ - Drilling Results**

**Highlights**

- The second diamond drill hole (WNDDH-2) was collared about 800m north east of the Martha mine and tested coincident Schlumberger and gradient array resistivity anomalies and a magnetic anomaly.
- Strong hydrothermal alteration with abundant sulphide mineralisation was encountered, with a 2m gold anomalous zone (0.02 g/t Au) intersected at shallow depth.
- While no economic mineralisation was intersected the results confirm that the mineralising system responsible for the Martha deposit extends at least 800m north east into the Waihi North permit.
- The results do not adequately explain the source of the geophysical anomalies. It is possible the hole was drilled above them and the Company is taking samples of core for testing to investigate this interpretation.

**Hole WNDDH-2**

The results of the second diamond drill hole have been received. Sited about 800m north east of the Martha mine, the hole was drilled at NZMG Reference 2762481mE, 6421235mN, on a bearing of 260 degrees and a declination of 45 degrees from horizontal.

The hole was designed to test a moderately high resistivity zone that coincided with a low order magnetic anomaly, found in the Company's recent geophysical surveys. This zone was interpreted to be located about 50m to 100m below the surface. The hole terminated at 113.25m. There is no record of any previous drilling at this locality.

Assay results showed a gold anomalous zone (0.02g/t Au) at 22m – 24m downhole depth.

Electrical logging of the core identified 3 narrow resistivity highs between 75m and 84m downhole depth, superimposed on a broader, low order resistivity anomaly. These do not adequately explain the resistivity anomaly found by the ground geophysical survey.

Rocks encountered in the hole below 25.6m were all strongly hydrothermally altered and sulphide mineralised andesite volcanics. These were separated from the overlying post-mineral quartz-andesitic tuffs by a 4.4m wide (downhole width) shear zone that correlates with a north north east trending fault zone in the Martha mine.

Hydrothermal alteration was generally strong, with illite-smectite-pyrite being predominant to 90.5m, then passing into illite-pyrite-altered polymictic breccia to the end of the hole. A feature of the breccia unit was the abundance of sulphide mineralised black shale fragments.

Calcite-pyrite veining overprinted the pervasive illite-smectite-pyrite alteration throughout the hole from 29m and was similar to that intersected in the first hole (WNDDH-1).

While no economic mineralisation was intersected the hole does confirm that the mineralising system responsible for the Martha deposit extends into the Waihi North permit for at least 800m north north east of the current mine.

Heritage is now taking samples of the drill core for petrological and x-ray diffraction analysis to help determine if the hole passed above quartz veining that could be the source of the resistivity anomaly.

This completes the current diamond drilling programme at Waihi North.

A reverse circulation drilling programme will commence on Rahu Ridge at the Karangahake Project shortly.

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

**HERITAGE GOLD NZ LTD**

Sue Sangster

**Company Secretary**