

For release to the Newcastle Stock Exchange

Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

31 DECEMBER 2003

Consolidated statement of cash flows

		Current quarter	Year to date (9 months)
		\$NZ	\$NZ
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	NIL	8,085
1.2	Payments for (a) exploration and evaluation	(132,814)	(486,840)
	(b) development	NIL	NIL
	(c) production	NIL	NIL
	(d) administration	(85,230)	(347,968)
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	10,604	36,727
1.5	Interest and other costs of finance paid	(102)	(444)
1.6	Income taxes paid	Nil	Nil
1.7	Other (provide details if material)	Nil	Nil
Net Operating Cash Flows		(207,542)	(790,440)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	Nil	Nil
	(b)equity investments	(1,115)	(1,115)
	(c) other fixed assets	(4,006)	(8,348)
1.9	Proceeds from sale of: (a)prospects	Nil	Nil
	(b)equity investments	16,272	46,162
	(c)other fixed assets	Nil	Nil
1.10	Loans to other entities	(122)	(1,369)
1.11	Loans repaid by other entities	Nil	Nil
1.12	Other (provide details if material)	Nil	Nil
Net investing cash flows		11,029	35,330
1.13	Total operating and investing cash flows (carried forward)	(196,513)	(755,110)
1.13	Total operating and investing cash flows (brought forward)	(196,513)	(755,110)

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Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	360,000	586,442
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
Net financing cash flows		360,000	586,442
Net increase (decrease) in cash held		163,487	(168,668)
1.20	Cash at beginning of quarter/year to date	809,956	1,142,327
1.21	Exchange rate adjustments to item 1.20	(143)	(359)
1.22	Cash at end of quarter	973,300	973,300

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter \$NZ
1.23	Aggregate amount of payments to the parties included in item 1.2	28,500
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment to associated companies for consulting services - Up Minister Ltd	\$NZ 22,500
	- Project Geoscience Pty Ltd	6,000

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Issue of 7,200,000 Fully Paid Ordinary Shares @ 5c each

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

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	Amount available \$NZ	Amount used \$NZ
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

	\$NZ
4.1 Exploration and evaluation	250,000
4.2 Development	Nil
Total	250,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$NZ	Previous quarter \$NZ
5.1 Cash on hand and at bank	736	1,048
5.2 Deposits at call	20,064	15,687
5.3 Bank overdraft	Nil	NIL
5.4 Other (provide details) Bond and Term deposits	952,500	793,220
Total: cash at end of quarter (item 1.22)	973,300	809,955

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Surrendered	N/A			
6.2 Interests in mining tenements acquired or increased	None			

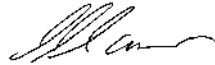
Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	*Ordinary securities	38,623,000	38,623,000	25c	25c
		10,000,000	10,000,000	3.8c	3.8c
		20,000,000	20,000,000	5.9c	5.9c
		5,000,000	5,000,000	10c	10c
		186,400	186,400	25c	25c
		1,000,000	1,000,000	5.5c	5.5c
		7,200,000	7,200,000	5c	5c
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,200,000 NIL	7,200,000 NIL	5c	5c
7.5	*Convertible debt securities (description)	NIL			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options (description and conversion factor) These options are not quoted and not transferable	1,866,667 3,600,000 3,600,000		Exercise price 16c 8c 12c	Expiry date 30/6/04 20/11/07 20/11/08
	Warrants – quoted on NZSE & NSX; not quoted on ASX	22,662,680	22,662,680	8c	27/6/2007
7.8	Issued during quarter	NIL			
7.9	Exercised during quarter	NIL			
7.10	Expired during quarter	NIL			
7.11	Debentures (totals only)	NIL			
7.12	Unsecured notes (totals only)	NIL			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to NSX.
- 2 This statement does ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.



Sign here: ..29 January 2004.....Date:
(~~Director~~/Company secretary)

Print name:Sue Sangster.....