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29 December 2004

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FOR PUBLIC RELEASE

HERITAGE RAISES A\$1,120,000 FOR RESOURCE EXPANSION AT KARANGAHAKE

Heritage Gold NZ Limited ("Heritage") completed a share placement ("Placement") to professional and sophisticated investors in Australia on 29th December 2004 to provide funds for drilling and evaluation of the Karangahake Project and working capital.

The Placement of 14,000,000 ordinary fully paid shares at an issue price of A\$0.08 per share raised A\$1,120,000. No related party participated in the Placement, which was managed by The Venture Group Pty Ltd, Sydney.

All Placement shares will rank equally in all respects with the existing ordinary shares of Heritage.

The Company is continuing the Phase 2 resource programme at Talisman, comprising underground diamond drilling and sampling designed to expand the existing resource base. This programme is aimed at raising the resource categories and increasing the underground resource to substantially in excess of the established base of 109,600 ounces of gold and 438,400 ounces of silver.

Initial drilling results are encouraging. The best intercept reported was in hole 2 with 2.8m @ 40.86g/t and 91.7g/t silver, including 1.0m @ 85.00g/t gold and 117.0g/t silver, and 0.8m @ 36.7g/t gold and 141.0g/t silver.

ABOUT HERITAGE GOLD NZ LTD

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. Heritage holds the mineralised Talisman vein systems over a total length of 4 kilometres.

A conceptual mining study undertaken by Tennent, Isokangas Pty Ltd, consulting mining engineers, was based on underground mining of 150,000 tonnes of ore annually to recover 50,000oz of gold, 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.

Sue Sangster
Company Secretary