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FOR PUBLIC RELEASE

KARANGAHAKE GOLD PROJECT (NZ)

HERITAGE DELINEATES 109,600 OZ AT TALISMAN MINE

Heritage Gold NZ Ltd has delineated a resource of 109,600 oz of gold and 438,400 oz of silver in the Talisman Mine near Waihi at a discovery cost of NZ\$3.70 (US\$2.30) per oz.

The recent underground channel sampling programme, predominantly in the No.8 Level of the Talisman Mine and extending into the 5A Level of the Crown Mine, is the first in a three phase programme to define a gold resource for development feasibility.

All channel sample assays and geological data obtained during the programme were modelled and a computer based resource estimate produced.

The resource exists in four mineralised areas of the known vein systems, with two sections in the Maria vein (Woodstock and Dubbo sections), one in the Mystery vein, and one in the Crown vein.

Talisman Mine Resource Estimate Summary

Vein	Category	Tonnes	Grade		Ounces	
			Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Maria vein – Dubbo section	Inferred	28,100	28.1	78.5	25,400	70,900
	Indicated	50,900	27.2	76.9	44,500	125,800
Maria vein – Woodstock section	Inferred	68,000	3.0	47.4	6,500	103,700
	Indicated	53,000	2.9	46.9	5,000	80,000
Mystery vein	Inferred	31,900	9.8	16.4	10,000	16,800
	Indicated	15,000	9.8	16.5	4,700	7,900
Crown vein	Inferred	27,600	4.8	11.7	4,300	10,400
	Indicated	60,900	4.7	11.7	9,200	22,900
Total Inferred Resource		155,600	9.2	40.3	46,200	201,800
Total Indicated Resource		179,800	11.0	40.9	63,400	236,600
Total Resource		335,400	10.2	40.7	109,600	438,400

Notes on Resource Estimate

1. Channel samples cut using diamond saw, and chipped by handheld methods and dispatched to laboratory for assay.
2. Gold analysed by fire assay using 50g charge by SGS Laboratories, Waihi. System of standards and check assay confirm tenor and integrity of assay database.
3. Bulk density of 2.65g/cm³ determined by water displacement method on 6 representative quartz vein samples.
4. Estimate calculated using inverse distance squared method with cell size of 5m by 5m by vein width.
5. Indicated mineral resource estimate based on maximum of 25m from any sample position.
6. Inferred mineral resource estimate based on maximum of 50m from any sample position.
7. Estimate supported by comparison with nearest neighbour method.
8. Ore zone defined by geology, no lower gold cut off used. High gold assays were cut to the 95 percentile value.

Phase 2 of the programme will focus on the levels of the mine 100m above and below the No.8 level and will involve underground diamond drilling as well as channel sampling. This work is aimed at expanding the resource base substantially and raising the resource category.

This report has been compiled by Mr Graeme Fulton and Mr Murray Stevens. Mr Stevens is an independent consulting geologist. Mr Fulton, of Terra Mining Consultants Limited, is an independent consulting mining engineer. Both are corporate members of the AusIMM, and have sufficient experience in the style of mineralization and deposit type being reported on and the activity being undertaken to qualify as Competent Persons as defined in the 1999 edition of Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code). Mr Fulton and Mr Stevens consent to the inclusion of the resource estimate in the form in which it appears in this report.

Sue Sangster
Company Secretary