

31 July 2002

Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

PAGES: 8

FOR PUBLIC RELEASE

Quarterly Report to 30 June 2002

1. Gold Projects (New Zealand)

1.1 Karangahake Project

Work to date at Karangahake has included mapping and sampling, supported by ground magnetometer traverses.

At Rahu Ridge-White Rocks, in the northern part of the project area, adit and surface mapping have shown the presence of strong kaolinite alteration and quartz vein stockworks, along with hydrothermal brecciation characteristic of the upper zone of an epithermal gold system.

Mapping and sampling near the old Talisman mine to the south has targeted Taukani Hill which contains the northern extensions of the Maria, Woodstock, Crown and Welcome vein systems. The southern extensions of these vein systems were also mapped near the Karangahake trig station.

Total strike length of the vein systems in the Karangahake project area is approximately 4 km.

1.2 Waihi North

Mapping and sampling of several alteration zones was completed, along with ground magnetometer traverses.

The work established the extent of a high level hydrothermal alteration system, about 2.5km long by 1.0km wide, identified from previous aeromagnetic surveys.

1.3 Other Gold Tenements

During the period the Dominion Knoll (Karangahake Project) and Onemana exploration permits were granted.

1.4 Exploration Programme

Structures in the Karangahake and Waihi North areas are similar to those at the former Golden Cross mine, and to those at the Martha mine and the Favona high grade deposit at Waihi owned by Newmont Mining Corporation. Planning is underway for the next phase of exploration.

2. Cobalt Project (Australia)

The project has a resource base of 10.6M tonnes at 0.10% cobalt, within 100 metres of the surface, including 5.0M tonnes at 0.14% cobalt. Nearby there is an inferred resource of about 5.0M tonnes at 0.10% cobalt, outlined by drilling by a previous explorer.

Heritage has 33% equity in Broken Hill Cobalt Ltd which holds two mining leases and has an option from Western Metals Ltd over the surrounding Exploration Licence No. 5679, that has been extended to 31 May 2003. Exploration Licence No. 5957 has now been granted over part of the mineralised zone.

Heritage is arranging an independent review of previous metallurgical test work to determine the course of further testing, aimed at reducing capital and operating costs.

3. Compensation

The Company's legal advisors are assisting the preparation of information required to progress the claim in the New Zealand High Court.

4. Rights Issue

During the quarter the Company announced a 2 for 3 pro rata renounceable rights issue of up to 49.3 million warrants to existing shareholders for working capital purposes.

The funds raised will be used mainly to continue systematic exploration of the gold projects to identify drilling targets.

5. Stock Exchange Listing

The Company continues to be listed on the New Zealand Stock Exchange ("NZSE").

On 1 July 2002 Heritage was admitted to the General List of the Australian Stock Exchange ("ASX") and was also admitted to the Newcastle Stock Exchange ("NSX").

On 23 July 2002 the ASX Home Branch for the Company was transferred to Perth.

6. Annual Report and Annual Meeting

The 2002 Annual Report is being mailed to shareholders and the Annual Meeting of shareholders will be held in Auckland on 30 August 2002.

7. Website

To enable shareholders to keep abreast of developments a website has been established (www.heritagegold.co.nz). The site will be gradually upgraded to display additional information of interest to shareholders.

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.



Alison Griffiths
Company Secretary

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")

30 JUNE 2002

Consolidated statement of cash flows

		Current quarter	Year to date (.3...months)
		\$NZ	\$NZ
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	700	700
1.2	Payments for (a) exploration and evaluation	(33,088)	(33,088)
	(b) development		
	(c) production		
	(d) administration	(56,751)	(56,751)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2,103	2,103
1.5	Interest and other costs of finance paid	(47)	(47)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(87,083)	(87,083)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	-	
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments	5,000	5,000
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		5,000	5,000
1.13	Total operating and investing cash flows (carried forward)	(82,083)	(82,083)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(82,083)	(82,083)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	(5,000)	(5,000)
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(488)	(488)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	(5,488)	(5,488)
	Net increase (decrease) in cash held	(87,571)	(87,571)
1.20	Cash at beginning of quarter/year to date	208,605	208,605
1.21	Exchange rate adjustments to item 1.20	(5)	(5)
1.22	Cash at end of quarter	121,029	121,029

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	22,500
1.24 Aggregate amount of loans to the parties included in item 1.10	0
1.25 Explanation necessary for an understanding of the transactions	
Payment to associated companies for consulting services - Up Minister Ltd	22,500

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

NIL

- 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

Mining exploration entity quarterly report

Add notes as necessary for an understanding of the position.

	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	60,000
4.2 Development	0
Total	60,000

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	(3,983)	1,988
5.2 Deposits at call	27,512	17,617
5.3 Bank overdraft	NIL	NIL
5.4 Other (provide details) Bond and Term deposits	97,500	189,000
Total: cash at end of quarter (item 1.22)	121,029	208,605

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	EP 40 512 Dominion Knoll	Exploration Licence	0%	100%
	EP 40 518 Onemana	Exploration Licence	0%	100%

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
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A			
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	1,866,666		Exercise price 12c	Expiry date 1/7/01 to 30/6/02
		1,866,667		14c	1/7/02 to 30/6/03
		1,866,667		16c	1/7/03 to 30/6/04
7.8	Issued during quarter – Warrants	36,221,336	36,221,336	9c	27/6/2007
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:



.....
(~~Director~~/Company secretary)

Date: ...31 July 2002

Print name:

.....Alison Griffiths.....

Annexure 1

Schedule of Heritage Gold NZ Ltd Tenements

Granted Exploration Permits

40-117	Rahu
40-081	Talisman
40-346	Waihi North
40-518	Onemana
40-521	Dominion Knoll

Note: Heritage has 100% interest in all granted permits and applications.