

31 July 2003

Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

PAGES 7

FOR PUBLIC RELEASE
Quarterly Report to 30 June 2003

GOLD PROJECTS (New Zealand)

Heritage is exploring several epithermal gold projects in the Waihi Gold District, about 120km east of Auckland. The district has produced around 8Moz gold and 45Moz of silver historically.

Waihi North

During the period the Company undertook several geophysical surveys in the southern part of the permit, adjacent to the Martha mine permit's northern boundary.

The area tested had been previously identified from airborne geophysics and geological mapping that located extensive hydrothermal alteration.

The Company completed two diamond drill holes during the quarter. The first was collared about 400m north north east of the Martha mine to test three resistive zones and the second was drilled about 800m north east of the Martha mine to test coincident Schlumberger and gradient array resistivity anomalies, and a magnetic anomaly.

Strong hydrothermal alteration was encountered in both holes, with anomalous gold values ranging from 0.02 to 0.07g/t. Although no economic mineralisation was intersected the results confirm that the mineralising system responsible for the Martha gold deposit extends at least 800m north east into the Waihi North permit.

The results do not adequately explain the source of the geophysical anomalies and core samples have been submitted for x-ray diffraction analysis to determine whether the holes were drilled above the source of the geophysical anomalies. Results of the x-ray diffraction analysis are awaited.

All new exploration data has been added to the recently developed database for the Waihi North Project.

The area where drilling was undertaken has seen little or no exploration in the last 50 years. A further 6 areas of hydrothermal alteration have also been identified recently in the Waihi North permit.

Heritage's application for an extension of term for the Waihi North exploration permit and an adjacent exploration permit application (Waitete) are being processed.

Karangahake

Detailed exploration gave highly encouraging results and lead to the delineation of drilling targets.

A soil auger geochemical survey over a 1700m by 400m grid outlined four anomalous zones of gold/silver geochemistry with gold values ranging from 0.02 to 0.88g/t. Silver values generally form a broad halo around the gold anomalies.

A resistivity geophysical survey identified 4 north east trending resistive zones with a total strike length of 1.4km. One zone is open to the north and another to the south, beyond the grid boundaries.

The geochemical and geophysical anomalies are generally coincident.

Detailed geological mapping located areas of quartz veining, hydrothermal brecciation and eruption breccia not previously recognised. These observations tend to confirm the Company's view that the Rahu prospect is the

downthrown northern extension of the main Karangahake gold deposits.

A reverse circulation (RC) drilling programme commenced at the end of the quarter. The programme consists of approximately 300m of RC drilling.

The geological interpretation indicates that the mineralised system is likely to contain higher gold/silver values at depths below the limit of this initial drilling programme, which is designed to test the near surface validity of several of the anomalies found to date.

Preliminary drilling results are expected to be released within the next week.

Other Gold Tenements

Essential work has continued on the Company's other projects during the period.

COBALT PROJECT (Australia)

The price for 99.8% cobalt has been steady at approximately US\$10.75/lb over the last few months.

Discussions have continued with several laboratories interested in undertaking cobalt metallurgical testwork in the search for a low capital and operating cost process, directed at improving the potential economics of the project.

Suitable sample material for future testwork has been selected from drill hole samples collected previously from the project.

COMPENSATION

Heritage has finalised discovery of documents relevant to its claim for compensation against the Crown and a list of documents has been served on the defendant.

The Crown has provided a list of verified documents and arrangements are being made for inspection by Heritage's legal advisors.

INVESTMENTS

During the quarter Heritage sold 4,500,000 shares in E-cademy Holdings Limited (now called Training Solutions Plus Limited).

WARRANTS

A 1 cent per Warrant payment fell due on 26 June and monies were received from Warrant holders for a total of 22,662,680 Warrants, which remain current and on issue. The balance of 14,063,607 Warrants have lapsed. The Company received a gross amount of \$226,626.80.

COMPANY SECRETARY

Mrs Susan Sangster took up the position of Company Secretary on 3 June 2003.

ANNUAL MEETING

The Company's Annual Meeting will be held on Monday 4 August at 545 Parnell Road, Parnell, Auckland.

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.

Sue Sangster

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 2003

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		-
1.2	Payments for (a) exploration and evaluation	(171,058)	(171,058)
	(b) development		
	(c) production		
	(d) administration	(108,653)	(108,653)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	17,013	17,013
1.5	Interest and other costs of finance paid	(206)	(206)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(262,904)	(262,904)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(1,672)	(1,672)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments	23,860	23,860
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities	(250)	(250)
1.12	Other (provide details if material)		
Net investing cash flows		21,938	21,938
1.13	Total operating and investing cash flows (carried forward)	(240,966)	(240,966)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(240,966)	(240,966)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		Nil	Nil
Net increase (decrease) in cash held			
		(240,966)	(240,966)
1.20	Cash at beginning of quarter/year to date	1,142,327	1,142,327
1.21	Exchange rate adjustments to item 1.20	13	13
1.22	Cash at end of quarter	901,374	901,374

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	0
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

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

Add notes as necessary for an understanding of the position.

Mining exploration entity quarterly report

	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	200,000
4.2 Development	0
Total	200,000

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	501	6,910
5.2 Deposits at call	113,373	1,037,917
5.3 Bank overdraft	NIL	NIL
5.4 Other (provide details) Bond and Term deposits	787,500	97,500
Total: cash at end of quarter (item 1.22)	901,374	1,142,327

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
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 Warrants – quoted on NZSE & NSX; not quoted on ASX	1,866,667		Exercise price 16c	Expiry date 1/7/03 to 30/6/04
		36,726,287	36,726,287	9c	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: Date: 31 July 2003
(~~Director~~/Company secretary)

Print name:Sue Sangster.....