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FOR PUBLIC RELEASE

Quarterly Report to 30 September 2005

HIGHLIGHTS

- ❖ **Talisman Phase 3 work designed to expand gold resource**
- ❖ **Drilling planned for key prospects**
- ❖ **Successful rights issue**

1. GOLD PROJECTS (New Zealand)

1.1 Karangahake Project

The Company's exploration permits cover historic mines in the Waihi gold district that have produced a total of 1Moz gold and 3Moz silver. The area lies within 15km of Newmont's Waihi gold operations and is being evaluated by Heritage in a continuing programme that commenced over 18 months ago.

1.1.1 Phase 2 Programme

The Phase 2 Programme was completed earlier this year and substantially increased the size and confidence level of the gold resource in the Talisman underground mine.

A new JORC-compliant resource estimate of 205,000oz gold and 800,000oz silver was reported at the end of the programme.

Baseline environmental studies under the supervision of the Company's consultants, URS New Zealand Limited, are designed to assist the requirements for future resource consent applications in relation to underground mining.

1.1.2 Phase 3 Programme

Heritage is scoping improvements to underground access for diamond drilling in order to expand the existing resource base. Better access to known ore shoots will also enable removal of metallurgical samples for plant scale testwork. The Company has had discussions with Newmont Waihi Gold about processing of the metallurgical samples at their Waihi plant.

Consents and approvals needed from the relevant agencies to undertake the Phase 3 Programme are being finalised.

1.1.3 Reconnaissance Surface Drilling

A reconnaissance drill programme designed to test geochemical and geophysical anomalies in the Dominion Knoll permit is planned to commence in the December quarter, subject to the necessary approvals. The holes will test near surface zones of mineralisation and will help refine targets for later deep drilling, either from the surface or underground.

1.1.4 Tenements

The conditions for the Appraisal Extension of the Talisman exploration permit are now being finalised to assist evaluation and expansion of the Talisman resource.

The Appraisal Extension for the Rahu exploration permit, that covers the 2km long northern extension of the Talisman vein system, was granted during the quarter. Drilling of identified anomalies is planned for the coming year.

1.2 Golden Valley Project

Planning is underway for Heritage's next stage programme on this newly granted exploration permit. The work will involve ground geophysical surveys, systematic geochemical sampling and geological mapping of anomalies likely to indicate hydrothermal alteration zones beneath cover rocks. These anomalies appear to be analogous to those over the nearby Favona gold deposit being developed by Newmont. The programme is designed to advance the most significant of these for early drill testing.

The permit lies immediately east of Newmont's Favona gold discovery and covers 50 sq km.

1.3 Waihi North Project

This project includes the Waihi North and Waitete exploration permits that lie adjacent to the northern boundary of Newmont's Martha mine at Waihi. Previous holes drilled by Heritage passed above potential gold mineralised veins. A programme of geophysics and drilling is being planned to test the area adjacent to the Martha mine more fully.

1.4 Onemana

After the end of the quarter the Company carefully reviewed the project data in the light of access difficulties, and current and potential district plan restrictions. It has concluded that its resources are better focussed on the gold projects near Waihi and is surrendering the Onemana permit and writing off the carrying value of \$2,357,510.

2. COBALT PROJECT (Australia)

Broken Hill Cobalt Limited (BHC), in which Heritage has 33% equity, owns the Thackaringa Cobalt project near Broken Hill in New South Wales that is managed by Heritage.

During the quarter, BHC reached agreement with Western Metals Copper Limited (Receivers & Managers Appointed) (In Liquidation) to acquire Exploration Licence 5679, covering part of the Thackaringa cobalt project, and documentation for the transaction is being completed.

BHC is enquiring into cobaltian pyrite sales to China, with indicative pricing currently being considered.

Broken Hill Cobalt also holds several exploration licences in New South Wales in joint venture with other parties, where exploration mainly for gold and base metals is ongoing.

3. RIGHTS ISSUE

The Company's recent non-renounceable issue, of one New Share and one New Option for every five fully paid ordinary shares, closed on 25 October.

All of the shares and options were taken up by shareholders to raise a gross total of \$1,175,000.

The funds will be applied to the next phase of work at the Talisman Mine at Karangahake, for advancing exploration on the Company's cobalt and other gold properties, and for working capital

4. ANNUAL MEETING

The Annual Meeting of Shareholders was held during the quarter and all resolutions were passed with the requisite majority.

DISCLOSURE: *The information in the report to which this statement is attached that relates to Exploration Results or Mineral Resources is based on information compiled by Murray Stevens and Graeme Fulton who are Members or Fellows of The Australasian Institute of Mining and Metallurgy.*

Murray Stevens and Graeme Fulton are self-employed.

Murray Stevens and Graeme Fulton have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and Murray Stevens and Graeme Fulton consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Sue Sangster
COMPANY SECRETARY