

## Appendix 5B

### Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

31 DECEMBER 2004

#### Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$NZ	\$NZ
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	Nil	Nil
1.2 Payments for (a) exploration and evaluation	(413,733)	(937,802)
(b) development	Nil	Nil
(c) production	Nil	Nil
(d) administration	(99,638)	(332,626)
1.3 Dividends received	Nil	Nil
1.4 Interest and other items of a similar nature received	11,570	22,187
1.5 Interest and other costs of finance paid	(102)	(306)
1.6 Income taxes paid	Nil	Nil
1.7 Other (provide details if material)	Nil	Nil
<b>Net Operating Cash Flows</b>	<b>(501,903)</b>	<b>(1,248,547)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	Nil	Nil
(b)equity investments	(10,120)	(29,115)
(c) other fixed assets	(6,942)	(7,635)
1.9 Proceeds from sale of: (a)prospects	Nil	Nil
(b)equity investments	Nil	Nil
(c)other fixed assets	Nil	Nil
1.10 Loans to other entities	(366)	(1,098)
1.11 Loans repaid by other entities	Nil	Nil
1.12 Other (provide details if material) Sale of shares	2,253	2,253
<b>Net investing cash flows</b>	<b>(15,175)</b>	<b>(35,595)</b>
1.13 Total operating and investing cash flows (carried forward)	(517,078)	(1,284,142)

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1.13	Total operating and investing cash flows (brought forward)	(517,078)	(1,284,142)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,220,363	2,179,792
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
<b>Net financing cash flows</b>		<b>1,220,363</b>	<b>2,179,792</b>
<b>Net increase (decrease) in cash held</b>		<b>703,285</b>	<b>895,650</b>
1.20	Cash at beginning of quarter/year to date	847,370	655,006
1.21	Exchange rate adjustments to item 1.20	2	1
1.22	<b>Cash at end of quarter</b>	<b>1,550,657</b>	<b>1,550,657</b>

### 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	44,887
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment to associated companies for consulting services -	
	Up Minister Ltd	22,500
	- Project Geoscience	22,387

### 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.

		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	600,000
4.2	Development	Nil
	<b>Total</b>	<b>600,000</b>

### 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	1,238,902	9,569
5.2	Deposits at call	89,755	15,801
5.3	Bank overdraft	Nil	Nil
5.4	Other (provide details) <b>Bond and Term deposits</b>	222,000	822,000
<b>Total: cash at end of quarter (item 1.22)</b>		<b>1,550,657</b>	<b>847,370</b>

### 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			

**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	<b>Preference *securities</b> (description)	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	<b>*Ordinary securities</b>	38,623,000 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000	38,623,000 10,000,000 20,000,000 5,000,000 186,400 1,000,000 7,200,000 12,000,000 14,000,000	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c	25c 3.8c 5.9c 10c 25c 5.5c 5c AUD 8c AUD 8c
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,000,000 Nil	12,000,000 Nil	AUD 8c	AUD 8c
7.5	<b>*Convertible debt securities</b> (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> (description and conversion factor) <i>These options are not quoted and not transferable</i>  <b>Warrants</b> – quoted on NZSE & NSX; not quoted on ASX	3,600,000 3,600,000 22,662,680		Exercise price 8c 12c 8c	Expiry date 20/11/07 20/11/08 27/6/2007
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	<b>Debentures</b> (totals only)	Nil			
7.12	<b>Unsecured notes</b> (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: 24 January 2004

Print name: .....Sue Sangster.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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