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**AUSTRALIA**

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## FOR PUBLIC RELEASE

### Quarterly Report to 31 December 2005

#### HIGHLIGHTS:

- ❖ Talisman project at Karangahake to advance
- ❖ Four year appraisal extension granted for Talisman
- ❖ Mineralisation located south along strike at Dominion Knoll
- ❖ Cobalt interests of Broken Hill Cobalt Ltd (Heritage 33%) consolidated

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#### **GOLD PROJECTS (New Zealand)**

Heritage is evaluating several advanced gold projects in the Waihi district within a 15km radius of Newmont Waihi's Martha Mine and treatment plant.

The Company's efforts are directed to the Karangahake project (historic production over 1Moz gold and 3Moz silver), the Waihi North project adjacent to the Martha Open Pit Mine, and the Golden Valley project immediately east of Newmont's permits and the new Favona underground mine.

#### **Karangahake (100%)**

Heritage's previous work in the Talisman mine has yielded a JORC-compliant resource of 205,000oz gold and 800,000oz silver.

The Company is examining various options, including possible joint ventures, for future development and funding of the project, which initially will involve expanding the existing resource base. An increase of gold resources sufficient to sustain a stand alone treatment plant is one objective.

The majority of the consents needed to undertake the next phase of underground work have been finalised and the Ministry of Economic Development has granted the Company a four year Appraisal Extension for its exploration permit over the Talisman mine. The Department of Conservation has approved the Company's Annual Work Plan under its access arrangement.

Preparatory work is underway for the next phase, including sampling and removing stockpiles of broken ore in the mine.

In conjunction with Heritage's evaluation of the mining centre, the Company is supporting research projects at the University of Auckland to determine the most effective geophysical and geochemical techniques for delineating the main areas of mineralisation at Karangahake. The same techniques will also be applied to the Company's other properties.

The Rahu exploration permit lies north along strike from the Talisman project and has an Appraisal Extension for a term of four years. The Rahu mineralisation encountered in earlier drilling and the anomalies indicated by detailed ground work are interpreted as the strike extension of the multiple veins worked in the Talisman mine to the south.

Recent work at the Dominion Knoll permit adjacent to the southern margin of the Talisman permit involved several shallow RC percussion drill holes designed to test near surface geochemical and geophysical anomalies. The holes did not reach target depth for technical reasons, but each encountered anomalous gold values.

In addition, several shallow workings were discovered in the vicinity of the drill holes and the St Patrick's vein zone was mapped over a strike length of 200m, based on exposures in the old workings. Vein widths of up to 1.5m were noted in the workings. The zone lies a short distance along strike from an area of gold anomalous soil geochemistry.

Sampling was focussed on several underground workings and surface trenches.

A total of 54 samples was collected, and consisted of 28 channel (0.50 to 1.00m width), 1 chip, 23 grab, and 2 float samples. Gold values ranged from 0.02 to 8.80g/t and silver from 0.3 to 190.0g/t.

Samples were assayed for gold by fire assay with a 50g charge and AAS finish. Silver was analysed using AAS. The detection limit for gold is 0.02ppm and for silver is 0.3ppm.

The St Patrick's vein zone is hosted in rhyolite which caps the andesite where the more productive veins are located. This vein zone appears to be a persistent structure, open along strike and at depth, with potential for higher grades beneath the contact with the underlying andesite.

Better access for drilling the Dominion Knoll mineralisation at depth may be possible by siting a drill rig in the Talisman workings

#### **Other Gold Projects (100%)**

Work continued on the Company's projects at Waihi North and Golden Valley. Waihi North covers several hydrothermal alteration zones with associated magnetic and resistivity anomalies, adjacent to the northern boundary of the Martha mine. Golden Valley extends along the eastern margin of Newmont Waihi's Favona underground mine and covers 50 square kilometres. Several magnetic anomalies, believed to reflect hydrothermal alteration obscured by cover rocks, have been located. The anomalies appear to be analogous to those over the nearby Favona gold deposit.

#### **BROKEN HILL COBALT LIMITED (New South Wales) (33%)**

BHCL has executed an agreement to acquire the entire interest of Western Metals Copper Ltd (Receivers and Managers appointed) in EL5679 adjacent to the Thackaringa cobalt project. BHCL is now consolidating its enlarged project interests under one exploration licence and considering stock exchange listing of the company, which has interests in attractive cobalt and base metals properties.

**DISCLOSURE:** The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Murray Ronald Stevens who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stevens is self-employed.

Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and Mr Stevens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Sue Sangster**  
**COMPANY SECRETARY**