



Incorporated in New Zealand / ABN 009 474 702

30 August 2005

Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

REGISTERED (HEAD) OFFICE

541 Parnell Road, Parnell, Auckland, New Zealand
Phone: (+64 9) 303-1893 • Fax: (+64 9) 303-1612
Email: office@heritagegold.co.nz

AUSTRALIAN OFFICE

1st floor, 25 Richardson Street, West Perth,
Western Australia 6005
Phone: (+61 8) 9481-2040 • Fax: (+61 8) 9481-2041

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FOR PUBLIC RELEASE

Re: Pro Rata Rights Issue

Dear Sir,

Heritage Gold NZ Limited today announced that, subject to shareholder approval, it intends to undertake a one for five pro rata non-renounceable rights issue of up to 28,000,000 new ordinary shares (*New Shares*) and 28,000,000 new options (*New Options*) to be made to all shareholders with a registered address in New Zealand or Australia on the register at 5pm (New Zealand time) on 23 September 2005. The minimum application amount will be 400 New Shares and 400 New Options.

Shareholders with less than 5,000 existing ordinary shares in the Company will be entitled to apply for a minimum holding of 2,000 Shares and 2,000 New Options.

NZ\$0.05 will be payable for subscription for the New Shares. NZ\$0.10 will be payable to convert each New Option to one fully paid ordinary share in the Company.

Applications for New Shares and New Options will close at 5pm on 25 October 2005.

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

The Company is in the course of finalising formal documentation for the issue, and further details will be advised nearer the record date.

Yours faithfully
HERITAGE GOLD NZ LTD

Peter Atkinson
Managing Director