

HERITAGE GOLD NZ LIMITED

ARBN 009 474 702

Incorporated in New Zealand

INVESTMENT STATEMENT FOR THE PURPOSES OF THE NEW ZEALAND SECURITIES ACT 1978

AND

A TRANSACTION SPECIFIC PROSPECTUS PURSUANT TO THE REQUIREMENTS OF SECTION 713 OF THE AUSTRALIAN CORPORATIONS ACT 2001

DATED 19 SEPTEMBER 2005

For a non-renounceable pro-rata rights issue to Shareholders with a registered address in New Zealand or Australia to acquire one New Share and one New Option, on the basis of one New Share and one New Option for every five Existing Shares held by Shareholders with a registered address in New Zealand or Australia on the Record Date, subject to certain minimum entitlements, at an issue price of NZ 5 cents or AU 4.6 cents per New Share and one free attaching New Option for every New Share, with each New Option being exercisable at NZ 10 cents (or the Australian dollar equivalent determined by Directors) on or before 23 September 2008, to raise up to approximately NZ\$1,175,000.

The Offer closes at 5pm (New Zealand time) on 25 October 2005.

A copy of this Disclosure Document has been lodged with the Australian Securities and Investments Commission ("ASIC") and the ASX on 19 September 2005. ASIC and the ASX take no responsibility for the contents of this Disclosure Document. This Disclosure Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

IMPORTANT INFORMATION

(The information in this section is required under the New Zealand Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents, including this Investment Statement, carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current New Zealand registered short form prospectus for the investment. You are entitled to a copy of that prospectus on request to the Company.

Choosing an investment adviser in New Zealand

If you are an investor in New Zealand you have the right to request from any New Zealand investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- Whether the adviser gives advice only about particular types of investments; and
- Whether the advice is limited to the investments offered by 1 or more particular financial organisations; and
- Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. A New Zealand investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within 1 month of receiving the advice.

In addition:

- If an investment adviser in New Zealand has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser in New Zealand receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

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NATURE OF THIS DOCUMENT

This document is being issued in New Zealand and Australia. In New Zealand it is generally called an “investment statement” and in Australia a “prospectus” or “transaction specific prospectus”. While these terms may be used in this document from time to time, as required by the context, generally for convenience’ sake this document constituting the investment statement and the transaction specific prospectus will be referred to as the “Disclosure Document”.

This Disclosure Document does not constitute an offer of New Shares or New Options in any jurisdiction other than New Zealand and Australia. No action has been or will be taken by the Company which would permit a public offering of New Shares or New Options, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand or Australia). No person may purchase, offer, sell, distribute or deliver the Shares, or have in its possession, or distribute to any person any offering material or any documents in connection with the New Shares or New Options, in any jurisdiction other than in compliance with all applicable laws and regulations.

This Disclosure Document will be issued as an Electronic Disclosure Document in relation to the Shortfall. The Disclosure Document will be available on the Company’s website at www.heritagegold.co.nz. The offer of New Shares and New Options comprising the Shortfall pursuant to this Disclosure Document is available to persons receiving an electronic version of this Disclosure Document within Australia and New Zealand. Only Shareholders or Warrant holders in New Zealand or Australia may apply for the Shortfall pursuant to this Disclosure Document, although other persons may apply for the Shortfall to the extent permitted by relevant securities laws, provided that the Directors may not participate in any Shortfall. The Corporations Act (Australia) prohibits any person from passing to another person an Application Form unless it is attached to or accompanies the complete and unaltered version of this Disclosure Document . Prior to the Closing Date, any person may obtain a hard copy of this Disclosure Document by contacting the Company by email at office@heritagegold.co.nz or by telephone +649 303 1893.

THE EFFECT OF THIS OFFER ON THE COMPANY

The Company presently has 108,026,066 shares, 7,200,000 Executive Options and 22,646,014 Warrants on issue.

On the basis of existing Shareholder entitlements and with the rounding referred to in this Disclosure Document (and assuming all Executive Options are exercised and no Warrants are converted), the Company will be granting up to 23,500,000 Rights to acquire up to 23,500,000 New Shares and 23,500,000 New Options. If all Share Price payments are made, the Company would raise an amount of NZ\$1,175,000, and up to 23,500,000 New Shares will be issued. This would increase the number of the Company’s issued shares from 108,026,066 to up to 131,526,066 Shares.

The proceeds of the capital raising will be used for 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. There is no minimum amount of funds required to be raised. No payments received will be returned (other than in the event of an over-subscription by a Rights holder, as detailed in the third paragraph under the heading “What sort of investment is this? Description of securities” on page 4 of this Disclosure Document). The Company intends to apply the funds raised from the issue of the New Shares (after expenses of \$NZ50,000) as follows:

	\$NZ
Karangahake	\$610,000
Other Gold Projects	\$330,000
Thackaringa Cobalt, NSW	\$60,000
Working Capital	\$125,000
Total	\$1,125,000

In the event of over or under subscription, funds will be applied on a pro-rata basis to the above projects. For example, if \$450,000 is received, after payment of expenses of \$50,000, the funds would be allocated: Karangahake \$217,000, other gold projects \$117,000, Thackaringa \$21,000 and working capital \$45,000; total \$400,000.

The information set out above is a statement of the present intention as at the date of this Disclosure Document. The exact quantum of funds expended by the Company on any particular item will be dependent on the amount of funds raised and many other factors which cannot be ascertained with complete accuracy at the date of this Disclosure Document.

Capital Structure

Shares and Options

Shares Issued	Capital Structure	NZ\$
108,026,066	Fully Paid Shares	\$14,285,420
23,500,000	New Shares and New Options to be Issued pursuant to this Prospectus including rounding (and assuming all Executive Options are exercised and no Warrants are converted)	\$1,175,000
	Expenses of the Offer	\$(50,000)
131,526,066	Total Issued Capital after completion of the Offer	\$15,410,420

Where the amount raised is less than the full amount of approximately NZ\$1,175,000, the number of New Shares and attaching Options issued under this Prospectus will vary accordingly.

Executive Options

At the date of this Disclosure Document, there are 7,200,000 Executive Options on issue with the following exercise dates:

Number of Potential Shares	Unlisted Executive Options	Exercise Price NZ cents
3,600,000	3,600,000 Executive Options expiring 20 November 2007	8
3,600,000	3,600,000 Executive Options expiring 20 November 2008	12
7,200,000	Total Executive Options granted at date of this Disclosure Document	

As a consequence of the terms of issue of the Executive Options and as a separate arrangement from this Offer, the holder of the Executive Options will be entitled to acquire New Shares and New Options in the same ratio as shareholders are offered Rights under this Offer (i.e. in the ratio of one New Share and one New Option for every five unexercised Executive Options held). Such New Shares and New Options will be offered on the same terms and conditions as New Shares and New Options are offered pursuant to this Offer. If the Executive Option holder's rights to New Shares and New Options were taken up 1,440,000 New Shares and 1,440,000 New Options would be issued raising NZ\$72,000.

Effect of the Offer on Heritage

Assuming none of the existing Warrants are converted and all of the Executive Options are exercised, the principal effect of the Offer on Heritage will be to:

- ♦ Increase cash reserves immediately after completion of the Offer by approximately NZ\$1,125,000 if the Offer is fully subscribed, after meeting estimated expenses of the Offer; and
- ♦ Increase the number of Shares on issue from 108,026,066 Shares to 131,526,066 Shares if the Offer is fully subscribed.

If the Offer is not fully subscribed, the amount raised (after costs) and the increase in the number of Shares on issue will vary accordingly.

TERMS AND CONDITIONS OF THE NEW SHARES AND THE NEW OPTIONS

These are set out in the Section titled “Terms, conditions and description of New Shares and New Options” on pages 26 to 29 inclusive.

CONTINUOUS DISCLOSURE

Pursuant to the Australian Corporations Act, disclosing entities are entitled to issue a prospectus that satisfies the requirements set out in Section 713 of the Corporations Act, where the securities offered by the company under the prospectus are quoted ED securities (or options over quoted ED securities) and the securities are in a class of securities that were quoted ED securities at all times in the twelve months before the issue of the prospectus (known as a transaction specific prospectus).

A transaction specific prospectus is only required to contain information relating to the issue of the securities that are the subject of the prospectus. Other general information is not required to be included by a disclosing entity, as the periodical reporting and continuous disclosure requirements now required of disclosing entities mean that all such information should previously have been released and disclosed to the market.

The Company is a “disclosing entity” for the purposes of Section 111AC of the Corporations Act. As such, the Company is subject to regular reporting and disclosure obligations that require it to disclose to the ASX (and under the New Zealand securities legislation, to the NZX) any information concerning the Company that the Company is aware of, or becomes aware of, and that a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Having taken such precautions and made such enquiries as are reasonable, the Company believes that it has complied with the general and specific disclosure requirements of the ASX (and the NZX) as applicable from time to time throughout the twelve months prior to the issue of this Disclosure Document, which requires the Company to notify the ASX (and the NZX) of information that a reasonable person would expect to have a material effect on the price or valuation of the securities of the Company.

Copies of all documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC or viewed on the Company’s website: www.heritagegold.co.nz.

Any person has the right to obtain a copy of the following documents, and the Company will provide a copy of each of the following documents, free of charge to any person who asks for it during the currency of this Disclosure Document:

- (a) A copy of the financial report for the year ended 31 March 2005 (being the last financial statement to be lodged with ASIC in relation to the Company before the issue of this Disclosure Document); and
- (b) All continuous disclosure notices lodged with ASX during the period commencing after the lodgement of the Company’s last annual financial report for the year ended 31 March 2005 and ending at the date of lodgement of this Disclosure Document. Those disclosure notices are as follows:

Date	Description of Notice
29 July 2005	First Quarter Activities Report
29 July 2005	First Quarter Cashflow Report
11 August 2005	Annual Meeting and Chairman’s Address
12 August 2005	Chairman’ Address at Annual Meeting (11 August 2005)
24 August 2005	Identification of Independent Directors
30 August 2005	Pro Rata Rights Issue
30 August 2005	Notice of Special Meeting
30 August 2005	Appendix 3B
14 September 2005	Result of Special Meeting of Shareholders
16 September 2005	Appendix 3B: Notification of Allotment of Securities
19 September 2005	Pro Rata Rights Issue

ANSWERS TO IMPORTANT QUESTIONS

What sort of investment is this?

Description of securities

Heritage Gold NZ Ltd (the “Company” or “Heritage Gold”) will grant one Right for every five Existing Shares held by Shareholders with a registered address in New Zealand or Australia at 5 pm (New Zealand time) on 23 September 2005 (the “Record Date”), provided that those shareholders holding less than 10,000 Existing Shares will be entitled to apply for 2,000 New Shares and 2,000 New Options. Fractional entitlements will be disregarded.

There is no minimum number of Existing Shares required for the entitlement to Rights. Each Right confers an entitlement to apply for one fully paid New Share upon payment in full of the Share Price \$NZ0.05 or AU\$0.046 with a New Option is exercisable into a New Share upon payment in full of the Option Price at any time after the issue date and on or before 5pm (New Zealand time) on the New Option Expiry Date.

Rights holders may not apply for New Shares and New Options in excess of the number to which they are entitled, unless they hold less than 2,000 Rights in which case they are entitled to apply for 2,000 New Shares and 2,000 New Options. Acceptance amounts for New Shares and New Options in excess of Rights holders’ entitlements will be refunded without interest. Refunds will be posted within seven calendar days of allotment of the New Shares and New Options.

A maximum of 23,500,000 New Shares and 23,500,000 New Options could be issued, based on the present issued capital of 108,026,066 Existing Shares, after allowing for minimum entitlements and a minimum subscription of 400 New Shares and 400 New Options, and assuming all Executive Options are exercised and no Warrants are converted.

Subject to ASX first granting official quotation, the Company may allot and issue New Shares and attached New Options progressively under the Offer.

Share Price

The Share Price payable to subscribe for each New Share is NZ\$0.05 or AU\$0.046. The Share Price for each New Share is payable on acceptance of the Right to one New Share with one free attaching New Option. The Share Price will be on account of the issue price of a New Share; i.e. NZ\$0.05 or AU\$0.046.

New Option Price

The exercise price payable to convert each New Option into one New Share is NZ\$0.10 (or the Australian dollar equivalent amount determined by the Directors from time to time and available on request to the Company). The New Option Price is payable at any time after the issue date and on or before 5pm (New Zealand time) on the New Option Expiry Date. The New Option Price will be on account of the issue price of a New Share. Upon payment in full of the New Option Price relating to a New Option, that New Option will be converted to one New Share.

New Shares

Each New Share issued (whether following payment of the Share Price or following conversion of a New Option) shall rank equally in all respects with the Existing Shares in the Company at the time of issue and will give the holder the right to one vote on a resolution at a meeting of shareholders (subject to any restrictions in the Company’s Constitution, the NZX, the ASX and the NSX the right to dividends authorised by the Board and the right to a proportionate share in any distribution of surplus assets of the Company on any liquidation. Further detail of the rights attaching to the New Shares is set out on pages 26 to 29 of this Disclosure Document.

Investors should also refer to the Constitution of the Company, which may be viewed on the Company’s website at www.heritagegold.co.nz and during normal business hours at the registered office of the Company in Auckland and the Perth office of the Company, the addresses of which are given on page 30 of this Disclosure Document.

New Options

Any share splits or consolidations following granting of the New Options and prior to conversion to New Shares will be taken into account. Fractions will be disregarded.

Each New Option does not entitle the holder to:

- vote at meetings of the Company's shareholders; or
- participate in any dividends declared by the Board; or
- participate with other securities in the residual assets upon liquidation of the Company.

Each New Option does entitle the holder to:

- certain information from the Company, including its annual and half yearly reports and notices of meetings;
- any other rights conferred by the Constitution and the Companies Act 1993; and
- attend (but not vote at) any general meetings of the Company;

Further details of the rights attaching to the New Options are set out in pages 27 to 29 of the Disclosure Document.

Your right to participate in this Offer is non-renounceable, in whole or in part, in favour of any other person. You may not, therefore, sell, trade, or otherwise transfer your Rights.

Rights holders may not apply for New Shares and New Options in excess of the number to which they are entitled.

None of the New Shares and New Options being offered under this Offer have been reserved for any class of applicant or are otherwise not available to the holders of Existing Shares under this Offer.

Shareholders wishing to increase their holdings or "round up" their holdings to a marketable parcel are advised to contact a member of the NZX for that purpose.

The important dates in respect of this issue are summarised in the following timetable:

Event	Date
Record Date – entitlements to Rights determined	23 September 2005
Despatch Date – Disclosure Document and Entitlement & Acceptance Forms despatched to existing shareholders	27 September 2005
Closing Date – date on which the Offer closes, at 5 pm (New Zealand time)	25 October 2005
Issue date and statement despatch date – last date for allotment of New Shares and New Options and despatch of statements in respect of the New Shares and New Options for which valid applications are received*	1 November 2005
First quotation date of New Options – first date on which New Options will commence quotation on NZSX	1 November 2005
New Option Expiry Date - last day for application to convert New Options to New Shares	30 September 2008

* Subject to ASX first granting official quotation, the Company may allot and issue New Shares and attached New Options progressively under the Offer.

These dates are indicative and are subject to change by the Directors with the approval of the NZX.

The New Shares have been accepted for listing by NZX and will be quoted upon completion of allotment procedures.

Application has been made to the NZX for permission to list the New Options and all the requirements of the NZX relating thereto that can be complied with on or before the date of this Short Form Prospectus have been duly complied with.

Application will be made within 7 days following the date of the Disclosure Document to ASX and NSX for permission to list the New Shares and the New Options and all the requirements of ASX and NSX relating thereto that can be complied with on or before the date this Short Form Prospectus have been duly complied with.

However, the NZX, ASX and NSX accept no responsibility for any statement in this Disclosure Document.

No New Shares and attaching New Options comprising the Rights Issue offered pursuant to the Disclosure Document will be issued until permission is granted by ASX for the official quotation of the New Shares. If granted, official quotation of the New Shares and the New Options will commence as soon as practicable after the issue of statements of holdings of applicants. If approval is not granted by ASX before the expiration of three (3) months after the date of this Disclosure Documents, the Company will not issue any New Shares and attaching New Options and will repay all application monies within the time prescribed under the Corporations Act, without interest.

Shareholders are entitled to sell their New Shares and New Options to other persons. For the avoidance of doubt, the New Shares and the New Options may be separately transferred. There is an established market for the Company's Shares and, subject to demand, you may sell your New Shares on the NZX, ASX or NSX. The company believes that, although there is currently no market for the New Options as they are new securities, there should be an established market for them in the future.

The Company intends to issue all of the New Shares and New Options on the issue date mentioned above, but in any event no securities will be issued on the basis of this Disclosure Document after 31 December 2005 (other than any Shares resulting from Options being exercised).

Shortfall

The Directors reserve the right, within 3 months after the Closing Date, to place any New Shares and New Options which are not taken up by holders of Existing Shares under the Offer, or which because of fractional entitlements are not otherwise offered, to such persons and in such manner as the Directors consider equitable and in the interests of the Company, provided that the price and the terms and conditions of the issue of such New Shares and New Options are not materially more favourable to the persons to whom they are issued than the terms of the Offer.

An application to participate in any Shortfall may be made pursuant to this Disclosure Document by a Shareholder or Warrant holder in New Zealand or Australia, although other persons may apply for the Shortfall to the extent permitted by relevant securities laws, provided that the Directors may not participate in any Shortfall.

If applicants wish to participate in any Shortfall that may arise under the Rights Issue, they should complete the Shortfall Application section of the Application Form attached to this Disclosure Document and lodge the Application Form together with the relevant application monies to:

BK Registries Limited
PO Box 384
Ashburton
New Zealand

The Directors will allocate any Shortfall in such manner as the Directors consider equitable and in the interests of the Company. The Directors currently intend to give priority to Shareholder or Warrant holder applicants, although no assurance can be given to any person that they will be given an allocation of any Shortfall.

The Directors do not guarantee that any Shortfall Application will be successful. In the event the Shortfall Application is not accepted (whether in whole or in part) monies in relation to the New Shares applied for and not allocated will be refunded in full without interest within 21 days of notification of the Shortfall by the Company to ASX.

The Company may at its discretion pay a commission on Shortfall Application received, in particular in respect of applications bearing a broker stamp of an NZX Firm or a member organisation of the ASX or NSX, provided the Shortfall Application is accepted by the Directors and New Shares and attaching New Options are subsequently allotted. The payment of any commission will be made 14 days after acceptance by the Company of a Shortfall Application.

In respect of the offer of the Shortfall, this Disclosure Document is available in a paper version and in electronic form. The electronic version can be found on the Company's website www.heritagegold.co.nz until the Rights Issue closes.

Those who wish to participate in any Shortfall may either:

- complete and return the Shortfall Application section of the Application Form which is included in the paper version of this Disclosure Document; or
- print a copy of the Application Form from the above internet address and complete the Shortfall Application section of the Application Form and return it.

If you view an electronic copy of the Disclosure Document, please ensure that you have retrieved the entire Disclosure Document accompanied by the Application Form before applying for New Shares and attaching New Options. If you have not received the entire Disclosure Document please contact the Company Secretary on +64 9303 1893.

Non Resident Investors

This Disclosure Document, and the Rights Issue, does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. Where this Disclosure Document has been despatched to investors domiciled outside Australia and New Zealand and where that country's securities code and legislation requires registration, this Disclosure Document is provided for information purposes only. Non resident investors should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to accept this Rights Issue.

The Company is of the view that it is unreasonable to make an offer under this Disclosure Document to shareholders outside of Australia and New Zealand having regard to:

- the number of shareholders outside of Australia and New Zealand;
- the number and value of the securities to be offered to shareholders outside of Australia and New Zealand; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Disclosure Document to shareholders outside of Australia and New Zealand though the Disclosure Document will be sent to shareholders outside these jurisdictions for information purposes only.

Who is involved in providing it for me?

Names and addresses

Issuer

The issuer is Heritage Gold NZ Limited (registered number AK/276623). Its registered address is:

New Zealand Registered Office:

Heritage Gold NZ Limited
541 Parnell Road
Parnell
Auckland
New Zealand

Principal Australian Office:

1st Floor, 25 Richardson Street
West Perth WA 6005
Australia
Telephone (+61 8) 9481 2040
Facsimile (+61 8) 9481 2041

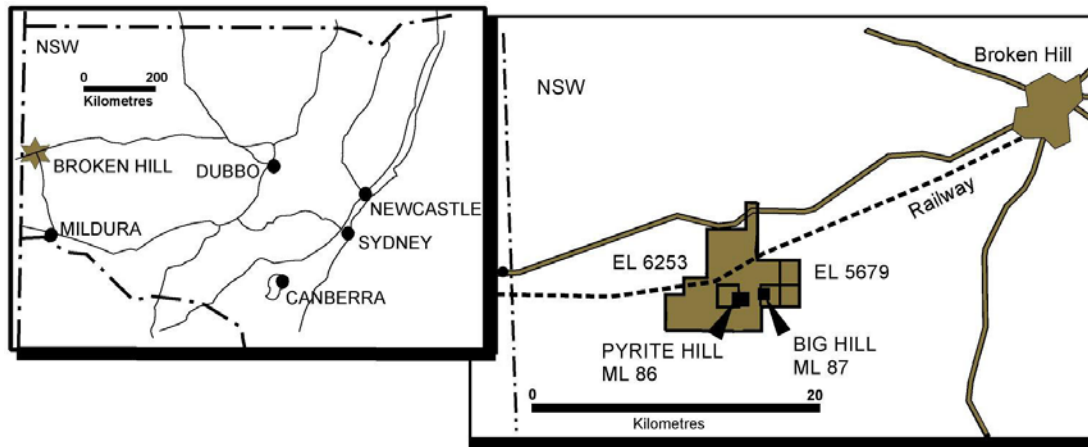
Activities

Heritage Gold is a mineral exploration company that has been active, principally in New Zealand, since it was incorporated in 1985. It currently explores for gold in the Coromandel region of New Zealand and for cobalt near Broken Hill in Australia.

Heritage Gold also has an investment in another listed company not connected with mining. Through its wholly owned subsidiary, Coromandel Gold Limited, it holds 20,000,000 shares in Training Solutions Plus Limited, listed on the NZX.

With regard to the current activities of the Group and its exploration prospects, Heritage Gold's minerals interests in Australia and New Zealand include:

- 33% of Broken Hill Cobalt Limited which owns the Thackaringa cobalt project near Broken Hill in New South Wales, Australia.
- 100% equity in 4 epithermal gold/silver properties in the Coromandel region of New Zealand, known as:
 - Waihi North, comprising two exploration permits that lie between the Martha open pit gold mine at Waihi and the former Golden Cross mine 10km to the north;
 - Golden Valley, that lies directly east of the Martha mine owned by Newmont Waihi Operations Ltd ("Newmont") Martha and Newmont's Favona gold project;
 - Karangahake, which includes a major historic gold/silver mining centre in the Waihi district; and
 - Onemana, which is a new gold/silver discovery by the Company, 30km north of Waihi.



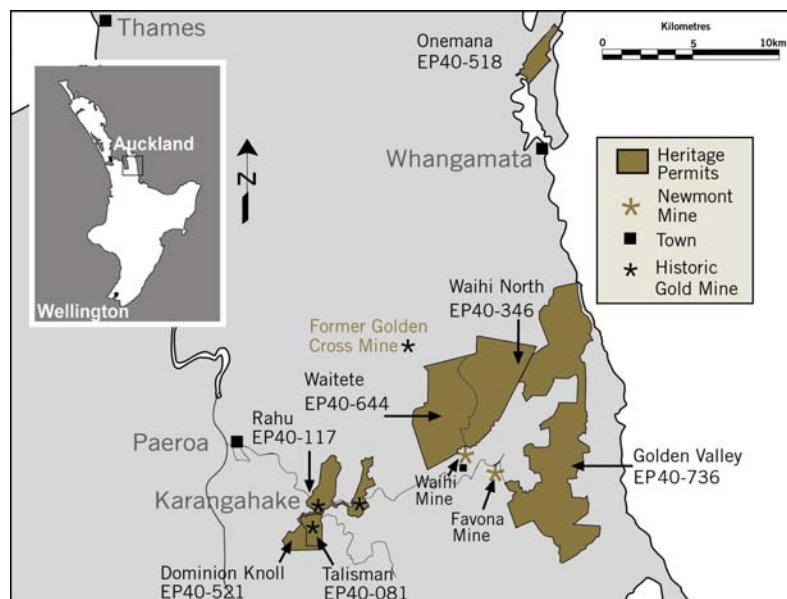
Thackaringa Cobalt Project

Heritage Gold has a 33% interest in Broken Hill Cobalt Limited ("BHC"), which owns two mining leases covering the Thackaringa Cobalt Project, 25km southwest of Broken Hill in New South Wales.

BHC has an option to purchase a surrounding exploration licence from Western Metals Limited for AU\$100,000 (or AU\$50,000 and a royalty), which expired on 31 May 2005. Currently those parties are negotiating the purchase of the exploration licence for a nominal sum.

The existing mineralisation at Thackaringa has been tested to only 100 metres depth. The Company's target is to define a significant deposit within the project area.

Heritage Gold is managing exploration for BHC. Metallurgical test work previously has shown encouraging results from a biooxidation process to release a substantial percentage of cobalt.



Karangahake Gold Project

Karangahake lies about 13km west of Newmont's Martha mine.

The project includes the contiguous Talisman, Dominion Knoll, and Rahu permits that cover a 4km strike length of gold and silver mineralised quartz veins.

The Phase 2 programme, involving underground drilling and channel sampling to expand the Talisman resource base, was completed in May 2005. A JORC compliant resource of 200,000oz gold and 800,000oz silver was reported to the Stock Exchanges.

Heritage Gold's objective at Talisman is to define a gold resource on which it can base an economic mining operation.

Heritage Gold's objective for the Karangahake project is to delineate sufficient ore for a 20 year mining period, which would justify establishment of a treatment plant near Karangahake.

The Waihi gold district has yielded a total of over 8Moz of gold and 49Moz of silver to date. Karangahake was the second largest producer in the district with 1Moz gold and 3Moz of silver recorded.

Heritage Gold has the largest area of granted permits and applications in the Waihi district within 15km of the Newmont plant.

The next phase of work at Karangahake is being reviewed. Stripping the No. 8 level drive would create better access for equipment to remove metallurgical samples from ore shoots within the current resource. Scheduling and costing of this work is underway, which would also include excavation of drilling positions at regular intervals on the No. 8 level to enable drilling of the ore shoots to expand the resource base.

Baseline environmental studies have been underway since last year to provide data to support subsequent applications for resource consents for future development.

URS New Zealand Ltd, our consultants, have been involved with environmental work for most major gold mine developments in New Zealand over the last 20 years, and have strong technical capabilities.

West of the Talisman mine Heritage Gold had encouraging results from Dominion Knoll where several major quartz veins are outlined by gold geochemical anomalies and distinct geophysical signatures that are likely to reflect quartz veins at depth.

The Rahu permit extends north of Talisman and has a 2km long zone of coincident geochemical, resistivity and ground magnetic anomalies.

Previous reverse circulation drilling by Heritage Gold in the area encountered anomalous gold values in all holes of an 8 hole programme, and included assays of up to 1.0m at 7.80g/t gold and 198.0g/t silver. The holes were drilled to shallow depths of less than 50m. The results conform to the Company's geological model for the district, which suggests that gold and silver grades can be expected to improve at depth.

The discovery of gold at Rahu strengthens the Company's interpretation of the area as likely to host significant mineralisation. The Company is seeking a deposit at Karangahake capable of supporting long-term production.

Further permit applications have been lodged over Rahu and Talisman to ensure continuity of title for the Company's development of the Karangahake project.

Other Gold Projects

Heritage Gold holds a large area adjacent to the northern boundary of the Martha mine, under the Waihi North and Waitete exploration permits. The Martha alteration zone extends into the Waihi North permit, which also contains other large alteration zones not previously tested.

Exploration holes drilled by Heritage Gold near the Martha mine boundary encountered strong alteration and minerals similar to those found in the Martha ore body. The holes were interpreted from alteration studies as having passed over the top of the intended targets. Further geophysical surveys at this locality are planned to better define drill targets.

At Golden Valley, east of Newmont's Favona discovery, Heritage Gold has located several magnetic features interpreted as alteration zones beneath barren cover. Geochemical sampling, ground magnetic surveying and geological mapping have highlighted further alteration zones for follow up exploration.

The Onemana project is currently under review by the Company. One of the options being considered by the Company is the surrender of the existing permit and write-off of the associated expenditure. Historical expenditure by the Company at Onemana is approximately \$2,400,000.

How much do I pay?

Monies payable by subscribers

Holders of Existing Shares with a registered address in New Zealand or Australia at 5pm (New Zealand time) on the Record Date are automatically entitled to the Rights at no monetary cost.

Share Price

The Share Price payable to subscribe for each New Share is NZ\$0.05 or AU\$0.046. The Share Price for each New Share is payable on acceptance of the entitlement to one New Share with one free attaching New Option. The Share Price will be on account of the issue price of a New Share; i.e. NZ\$0.05 or AU\$0.046.

New Option Price

The price payable to convert each New Option into one New Share is NZ\$0.10 (or the Australian dollar equivalent amount determined by the Company from time to time and available on request to the Company). The New Option Price is payable at any time after the issue date and on or before 5pm (New Zealand time) on the Option Expiry Date. The New Option Price will be on account of the issue price of a New Share. Upon payment in full of the New Option Price relating to a New Option, that New Option will be converted to one fully paid New Share.

If an New Option holder fails to pay the New Option Price due within the time allowed, the relevant New Option will expire automatically and in that event the New Option holder will have no claims of any kind against the Company. **You will not be entitled to a refund of any sums paid to the Company in respect of the New Option Price. Equally, in no circumstances will the Company have an entitlement to make any call or otherwise demand payment in respect of the conversion of the New Option.**

Acceptance of the Offer

The Offer may be accepted in whole or in part. The minimum acceptance is 400 New Shares and 400 New Options.

Applications for New Shares and New Options must be made so as to be received no later than 5pm (New Zealand time) on 25 October 2005 (Closing Date). The Directors reserve the right to extend the Closing Date.

Any application monies paid by an investor for New Shares and New Options will be held on trust for that investor until the Company effects the issue to the investor of the relevant number of New Shares and New Options, at which time the relevant funds will be released beneficially to the Company.

To Accept your Entitlement (in full or part) – Entitlement & Acceptance Form

Completed and signed Entitlement & Acceptance Forms (stating how many New Shares you wish to accept) should be accompanied by a cheque made payable to: "Heritage Gold NZ Limited New Share and New Option Offer" and crossed "Not Transferable". All cheques must be in New Zealand dollars or Australian dollars and sent with the completed Entitlement & Acceptance Form to:

BK Registries Limited
PO Box 384
Ashburton
New Zealand

or to any NZX Firm in time to enable forwarding to the Share Registrar in New Zealand by 5pm (New Zealand time) on 25 October 2005.

NB:

Please note that post-dated cheques will not be accepted. Applications cannot be revoked or withdrawn and acceptance amounts (except in the case of over-subscription by a Rights holder) will not, therefore, be refunded. **As indicated above, you should note that the Company reserves the right to extend the Offer and that such extension may result in the dates referred to in the table on page 5 of this Disclosure Document being altered.**

If you need any assistance you should contact an NZX Firm or your financial or legal adviser.

With regard to the New Options, investors are reminded that if the holder of a New Option fails to convert to a New Share within the time allowed, the relevant New Option will expire automatically and in that event you will have no claims of any kind against the Company. **You will not be entitled to a refund of any sums paid to the Company in respect of the New Option Price. Equally, in no circumstances will the Company have an entitlement to make any call or otherwise demand payment in respect of the New Option Price or to require conversion of any New Option.**

The Offer is not conditional on the Company receiving any minimum level of subscription..

What are the charges?

There are no monetary charges for the Rights under this offer. Upon acceptance, there is NZ 5 cents or AU 4.6 cents per Right payable for the issue to you of each Share.

The Company estimates that its costs in respect of the Offer will be NZ\$50,000 plus GST.

What returns will I get?

Returns to Holders

There is no assurance that there will be a market for the sale of the New Options. If New Options are converted to New Shares, any dividends that may be paid in future by the Company would be available to the holder of Shares (including New Shares). However, investors should note that the Company's present policy is not to pay any dividends. For the avoidance of doubt, prior to conversion, the New Options carry no entitlement to dividends.

Whilst there is no assurance that there will be a market for the New Options, Rights holders acquiring New Options may benefit from the increase in the market price of the New Options (if any). The market price for the New Options may also decline and no assurance can be given that investors will receive this form of return.

Any changes in the price of New Options quoted on the NZSX will be dependent upon a number of factors, some of which are not within the Company's control.

A holder of Rights may either:

- retain the Rights and apply for one New Share and one New Option for every Right held; or
- do nothing with the Rights, in which event the Rights will lapse immediately after 5pm on the Closing Date.

Some factors that may have an influence on your returns on the Rights and on the Company's Share price are:

- changes in the demand for gold and cobalt resulting in lower prices for the metals;
- the demand for Shares relative to their supply;
- the Company's exploration successes;
- the costs of extracting gold and cobalt at projects in which the Company holds interests;
- weather conditions at projects in which the Company holds interests;
- adverse changes in currency exchange rates;
- cashflow requirements for development progress; and

- the Company currently has a policy of not paying dividends and the Directors are unable to predict when any dividend may be paid in the future. This will depend on a number of factors including: the future success, profitability and financial position of the Company.

Taxation and changes to taxation laws may also affect your returns on the Shares.

The Company is the person legally liable to pay any returns on the Shares.

What are my risks?

Risks

Investments in the Company can be considered speculative. Risks associated with investment in the Company include risks of a general nature relating to investment in shares and securities generally where the company invested in has a small market capitalisation together with risks particular to investment in the Company, which risks relate to the nature of its activities, being mineral exploration.

Investors in the Company will also be subject to normal risks relating to the general levels of economic activity and macro-economic factors beyond the control of the Company including share market conditions which may affect the share market and share prices generally.

Specific risks that may affect the Company and its activities include project specific risks such as:

- **In relation to its various tenements in the Coromandel region of New Zealand and in New South Wales, Australia:**
 - The Company is required under the Crown Minerals Act 1991 in New Zealand to undertake exploration programmes on granted mining privileges and to report the results of this work regularly as part of its obligations to maintain the tenements in good standing. The Company is also required to pay annual fees to maintain such tenements. The Company has to date undertaken exploration work on its granted mining privileges and reported on the results of this work and maintained its tenements in good standing.
 - In order to undertake high impact exploration activities, specifically drilling and bulk sampling, on its tenements the Company requires the consent of the land owner(s) and occupier(s) affected by the activity. Drilling and bulk sampling may also require the granting of resource consents under the appropriate district and regional plans controlling environmental impacts in New Zealand under the Resource Management Act 1991. To date the Company has secured the required consents from land owners and occupiers and the necessary resource consents to enable it to carry out exploration work on its tenements.
 - In order to undertake exploration work on land which is subject to the Conservation Act 1987 in New Zealand the Company requires the consent of the Minister of Conservation. To date the necessary consents required for exploration of the Company's tenements on such land have been granted.
 - The Company's tenements may be affected by claims made by Maori under the Treaty of Waitangi. All of the Company's New Zealand tenements lie within Maori claims made under the Treaty. Notwithstanding such claims the New Zealand Government has stated that settlement of the claims will not include transfer of private land. Nor has there been any suggestion by the New Zealand Government that it will transfer ownership of gold or other Crown owned minerals in order to settle such claims.
 - All of the Company's tenements in New Zealand cover Crown owned gold.
 - The Onemana project is currently under review by the Company. One of the options being considered by the Company is the surrender of the existing permit and write-off of the associated expenditure. Historical expenditure by the Company at Onemana is approximately \$2,400,000.
 - The Company is required under the NSW Mining Act 1992 and the regulations thereto as amended, to undertake exploration on granted mining tenements and to report the results of this work regularly as part of its obligations to maintain the tenements in good standing.

- Native title and native title sites may adversely affect the Company's interests in mining tenements in New South Wales or its ability to exploit the minerals contained within those tenements.
- Where native title rights exist in respect of any part of the tenements in New South Wales, the ability of Heritage Gold to move from exploration to the mining phase of operations would be affected. This could significantly delay progress until agreement was negotiated with the native title claimants, whereby the claimants would consent to the grant of mining leases in return for compensation or other consideration which might have to be borne by Heritage Gold. If agreement could not be reached by negotiation, the matter could be placed before the National Native Title Tribunal for resolution.
- **If the Company is liquidated, it is reasonably foreseeable that you will be unable to convert your New Options into Shares or, if such conversion has already occurred it is reasonably foreseeable that you will receive less money, if any, than you paid the Company on payment in full of the price.**
- **In relation to the Company's operations generally:**
 - Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation, currency exchange rates and interest rates impact on commodity prices including gold prices.
 - Fluctuations in the price of gold may affect the potential economic viability of the Company's operations. Commodity prices react to the economic climate, market forces of supply and demand and other factors outside the control of the Company.
 - Exploration and mining activity has been demonstrated over the years to be subject to numerous risks. Exploration in particular is a speculative activity and success in identifying economically recoverable reserves can never be guaranteed. Where exploration is successful and mining operations commence they can be interrupted by adverse weather conditions, labour disputes, civil unrest, unforeseen increases in establishment and operating costs, mining and metallurgical problems and other factors over which the Company may have little control.
 - The Company will be subject to environmental risks. The legal framework governing this area of the law is constantly developing and as a consequence not all future liabilities and obligations can be foreseen. Without limiting the generality of the above the Company may be required in future to undertake clean up programmes resulting from any contamination from operations in which it participates. The Company is not presently aware of any material issue in this regard.
 - Following cessation of any present and future operations the Company will be required to participate in rehabilitation programmes, removing disused plant and equipment and where necessary restoring land that has been disturbed in the course of operations.
 - There are macro-economic risks to which the Company is subject including changes in Government policy, taxation laws and many other factors which may influence or affect the viability of any mining project.
 - Adverse weather conditions or seismic activity may affect the Company's exploration activities.
- **In relation to the Company's listings on the NZX, the ASX and the NSX:**
 - The Company is listed on the NZX, the ASX and the NSX and to retain quotation of its securities on these exchanges it must comply with the Listing Rules of each stock exchange. Any serious breach of the Listing Rules by the Company, whether inadvertent or otherwise, may result in the suspension or even delisting of the Company and loss of quotation of its securities.

- No assurance can be given that the Company's New Options will be accepted for listing on the NZX, ASX and NSX and these exchanges accept no responsibility for any statement in this Disclosure Document.

- **In relation to the Adoption of International Financial Reporting Standards:**

The Company is required to adopt International Financial Reporting Standards (IFRS) in New Zealand from 1 January 2007. Accordingly, the impact of these standards has not been quantified by the Company as at the date of this Disclosure Document.

The key potential implications on the consolidated entity of the conversion to IFRS, identified to date, are summarised as follows:

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.
- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.
- Impairments of assets will be determined on a discounted basis (with the exception of exploration expenditure), with strict tests for determining whether goodwill and cash-generating operations have been impaired.
- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.
- Provision for mine site restoration and rehabilitation is currently recognised on an incremental undiscounted basis over the mine life. Under IFRS the provision would be recognised in full and be discounted upon initial recognition with a corresponding asset being recognised and included as part of development costs.

Consequences of insolvency

If the Company becomes insolvent and is placed into liquidation or receivership, holders of Shares in the Company would not receive any return of capital until the Company had paid all of its creditors, both secured and unsecured, including the costs of liquidation. Depending on the value of the Company's assets it may not, after paying all its creditors and expenses, have sufficient funds to repay its shareholders in full. In these circumstances, the Company's investors may not recover some, or all of their original investment in the Company. In liquidation, all ordinary shareholders will rank equally. Shareholders who have paid the full amount due to the Company in respect of their Shares are not liable to anyone for any payment in the event of the Company's insolvency or otherwise.

Can the investment be altered?

Alteration of securities

The rights attaching to the New Shares and the New Options are set out under the heading "What sort of investment is this?" and in the section headed "Terms, conditions and description of New Shares and New Options" on pages 26 to 29 of this Disclosure Document. These rights attaching to the New Shares may be altered by a special resolution of the holders of the New Shares and the rights attaching to the New Options may be altered by a special resolution of the holders of the New Options.

The rights conferred on the Company's shareholders are set out in the Companies Act and the Constitution, and also the applicable Listing Rules of the NZX, the ASX, and the NSX. The Constitution is a listed company's constitution. Shareholders' rights may be negated, altered or added to by an amendment of the Constitution, which may be made by a special resolution of shareholders. A special resolution requires the approval of 75% of the votes of shareholders affected by the relevant matter, to be valid.

Heritage Gold may not take any action which would affect the rights of shareholders or New Option holders, without approval by special resolution of those shareholders or New Option holders whose rights would be affected by the action in question. A special resolution must be approved by 75% of those shareholders or New Option holders (as the case may be) entitled to vote and voting on that resolution.

Major transactions and those that would change the nature of the Company's business also require the approval of a special resolution.

How do I cash in my investment?

Right to sell securities

Your Rights are non-renounceable and accordingly you may not sell your Rights, in whole or part, to any other person.

The New Shares have been accepted for listing by NZX and will be quoted upon completion of allotment procedures.

Application has been made to the NZX for permission to list the New Options and all the requirements of the NZX relating thereto that can be complied with on or before the date of this Short Form Prospectus have been duly complied with.

Application will be made within 7 days following the date of the Disclosure Document to ASX and NSX for permission to list the New Shares and the New Options and all the requirements of ASX and NSX relating thereto that can be complied with on or before the date this Short Form Prospectus have been duly complied with.

However, the NZX, ASX and NSX accept no responsibility for any statement in this Disclosure Document.

No New Shares and attaching New Options comprising the Rights Issue offered pursuant to the Disclosure Document will be issued until permission is granted by ASX for the official quotation of the New Shares.

Shareholders are entitled to sell their New Shares and New Options to other persons. For the avoidance of doubt, the New Shares and the New Options may be separately transferred. There is an established market for the Company's Shares and, subject to demand, you may sell your New Shares on the NZX, ASX or NSX. The company believes that, although there is currently no market for the New Options as they are new securities, there should be an established market for them in the future.

There are likely to be brokerage costs payable if the New Shares, the New Options or any New Shares derived from the New Options are sold through a broker.

If granted, official quotation of the New Shares and the New Options will commence as soon as practicable after the issue of statements of holdings to applicants. If approval is not granted by ASX, NSX and NZX before the expiration of three months after the date of this Disclosure Document, the Company will not issue any New Shares and attaching New Options and will repay all application monies within the time prescribed under the relevant legislation, without interest.

The fact that ASX, NSX and NZX may grant official quotation of the New Shares and the New Options is not to be taken in any way as an indication of the merits of the Company or the New Shares and attaching New Options now offered for subscription.

It should be noted that no assurance can be given by the Company that the New Options will be quoted or, if quoted, will remain quoted.

Furthermore, the Company can give no assurance that the Company will ultimately remain listed on the NZX, ASX or NSX.

Who do I contact with enquiries about my investment?

Enquiries about securities

Enquiries should be directed to:
Heritage Gold NZ Limited
541 Parnell Road
Parnell

Auckland
New Zealand
Phone: (+ 64 9) 303 1893
Fax: (+ 64 9) 303 1612
Email: office@heritagegold.co.nz

Enquiries about present shareholdings can be made to:

In New Zealand:

Share Registrar
Heritage Gold NZ Ltd
C/- BK Registries Ltd
PO Box 384
Ashburton
New Zealand
Phone: (+ 64 3) 308 8887
Fax: (+64 3) 308 1311

In Australia:

Share Registrar
Heritage Gold NZ Ltd
C/- Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000
Australia
Phone: (+61 2) 9290 9600 Fax: (+61 2) 9279 0664

Is there anyone to whom I can complain if I have problems with the investment?

Complaints about securities

Any complaints or problems with the investment should be addressed to:

Heritage Gold NZ Limited
541 Parnell Road
Parnell
Auckland
New Zealand
Phone: (+ 64 9) 303 1893
Fax: (+ 64 9) 303 1612
Email: office@heritagegold.co.nz

Complaints may not be made to any ombudsman in New Zealand.

What other information can I obtain about this investment?

Prospectus and Financial Statements

All of the details on the terms of the offer and additional information about the Company are contained in this Disclosure Document and in the Company's financial statements. In addition, a New Zealand short form prospectus has been prepared in relation to the offer in accordance with New Zealand law requirements, and is available on request from the Company's registered office. Copies of the Company's most recent annual report and financial statements, the Disclosure Document and the New Zealand short form prospectus may be obtained free of charge from the Company's offices in Auckland (New Zealand) and Perth (Australia), which are listed in the Corporate Directory on page 30, or from the Company's website www.heritagegold.co.nz.

The short form prospectus and financial statements are also filed on a public register at the Companies Office of the Ministry of Economic Development available at www.companies.govt.nz.

Ongoing reports to shareholders and option holders

Shareholders and Option holders are sent annual audited financial statements and the annual report of the Company and the half yearly report. The Board may choose to distribute further reports according to investor demand.

The Company operates an internet site (www.heritagegold.co.nz) from which general information about the Company is available.

On request information

The Constitution contains, among other matters, information relating to the rights of the shareholders. A copy of the Constitution and annual reports, and financial statements, when prepared, are kept on the public file of the Company and are available for inspection during normal business hours at:

In New Zealand:

Companies Office
Ministry of Economic Development
3 Kingston Street
Auckland
New Zealand
www.companies.govt.nz

In Australia:

ASIC Service Centre
Level 36
66 St Georges Terrace
Perth WA 6005
Australia

Or, free of charge, at:

Heritage Gold NZ Limited
541 Parnell Road
Parnell
Auckland
New Zealand

ADDITIONAL INFORMATION

Directors Interests

As at the date of this Disclosure Document, each of the Directors has a Relevant Interest in Existing Shares, Warrants and Executive Options as set out below:

Director	Relevant Interest in Existing Shares	Relevant Interest in Executive Options	Relevant Interest in Warrants
Patrick James Dymock Elliott	Nil	7,200,000	Nil
Peter Robert Atkinson	12,301,560	Nil	Nil
David John Williams	62,514	Nil	41,676
Geoffrey Guild Hill	20,393,400	Nil	Nil
James Murray McKee	Nil	Nil	Nil
Ralph Nicholas Stagg	1,000,000	Nil	500,255
Matthew Geoffrey Hill	Nil	Nil	Nil

Beneficial interests held above are as follows: Peter Atkinson holds a beneficial interest in Prophecy Mining Limited which holds 4,000,000 Shares and Geoffrey Hill holds a beneficial interest in SoCo Limited which holds 20,000,000 Shares.

Except as disclosed in this Disclosure Document, no Director, and no firm in which a Director is a partner has any interest nor has had any interest in the last two years prior to the date of this Disclosure Document:

- in the formation or promotion of the Company;
- in any property acquired or proposed to be acquired by the Company in connection with the Offer; or
- in the Offer.

Directors Remuneration

Director	2005 Director Fees & Services NZ	2004 Director Fees & Services NZ
Patrick James Dymock Elliott	7,500	Nil
Peter Robert Atkinson	90,000	90,000
David John Williams	7,853	1,132
Geoffrey Guild Hill	Nil	Nil
James Murray McKee	7,500	7,500
Ralph Nicholas Stagg	59,233	18,000
Matthew Geoffrey Hill		Nil

Directors received no other remuneration, superannuation or D & O insurance premiums over the last two years.

Anticipated Director remuneration over the year to 31st March 2006 is:

Director	2006 Anticipated Fees & Services (NZ\$)
Patrick James Dymock Elliott	7,500
Peter Robert Atkinson	90,000
David John Williams	5,000
Geoffrey Guild Hill	Nil
James Murray McKee	7,500
Ralph Nicholas Stagg	30,000
Matthew Geoffrey Hill	Nil

Share Trading History on NZX

The highest and lowest market price of the Company's Shares on NZX during the 3 months immediately preceding the date of this Disclosure Document and the respective dates of those sales and the latest practicable date prior to lodgement of the Disclosure Document, were:

	Date	Cents NZ
Highest	28/6/05	8
Lowest	1/9/05	5.5
Last	16/9/05	6.5

Share Trading History on ASX

The highest and lowest market price of the Company's Shares on ASX during the 3 months immediately preceding the date of this Disclosure Document and the respective dates of those sales and the latest practicable date prior to lodgement of the Disclosure Document, were:

	Date	Cents AUD
Highest	13/7/05	7.0
Lowest	4/8/05	5.2
Last	16/9/05	5.8

Interests of Other Persons

Except as disclosed in this Disclosure Document, no expert, promoter or other person names in this Disclosure Document as performing a function in a professional, advisory or other capacity:

- has any interest or has had any interest in the last two years prior to the date of this Disclosure Document in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- has been paid or given or will be paid or given any amount or benefit in connection with the formation of the Company or the Offer.

Over the last two years a total of NZ\$17,510 has been paid to Carlton DFK for auditing the Company's accounts and providing accounting and tax services to the Company. Carlton DFK may continue to receive fees for other services provided to the Company in accordance with Carlton DFK's normal charge out rates.

BK Registries (New Zealand) has acted as share registry to the Company in relation to the Offer and the Prospectus and over the last two years. BK Registries may continue to receive fees for other services provided to the Company from time to time on normal commercial rates.

Consents

Each of the parties referred to in this section on Interests of Other Persons:

- i) has not authorised or caused the issue of this Disclosure Document;
- ii) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Disclosure Document is based other than as specified in this Section;
- iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Disclosure Document other than a reference to its name and a statement included in this Disclosure Document with the consent of that party as specified in this Section; and
- iv) has given and has not, before the lodgement of this Disclosure Document with ASIC, withdrawn its consent to be named in the Disclosure Document in the form and context in which it is named.

BK Registries has given and has not withdrawn its written consent to be named as Share Registrar to the Company.

Carlton DFK have given their written consent to being named as auditor to the Company.

Electronic Disclosure Document

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Disclosure Document on the basis of a paper Disclosure Document lodged with the ASIC and the issue of New Shares and attaching New Options in response to an electronic Application Form subject to compliance with certain provisions. Heritage Gold is relying on this exemption in relation to the offer of Shortfall.

If you have received this Disclosure Document as an Electronic Disclosure Document, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email Heritage Gold at office@heritagegold.co.nz and Heritage Gold will send to you, free of charge, either a hard copy or a further electronic copy of the Disclosure Document or both.

Heritage Gold reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Disclosure Document and any relevant supplementary or replacement Disclosure Document or any of those documents were incomplete or altered. In such case, the application monies received will be dealt with in accordance with section 722 of the Corporations Act.

PRO FORMA STATEMENT OF FINANCIAL POSITION

Profit and Loss

The Rights Issue will have no immediate effect on the Company's financial performance, although the investment of the proceeds of the Rights Issue is expected to eventually have an effect on the financial performance of the Company depending on the success of that investment. The success of that investment is not presently capable of being quantified.

Pro-forma Statement of Financial Position

The Company has lodged with the appropriate reporting entities its Annual Financial Report incorporating the Directors' report and Auditors' Report, for the financial year ended 31 March 2005. This report is available on the Heritage Gold website www.heritagegold.co.nz

Set out below is the Company's pro-forma statement of financial position as at 31 March 2005.

Basis of Preparation

This following statements have been prepared to provide shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by New Zealand Accounting Standards applicable to annual financial statements.

**STATEMENT OF FINANCIAL POSITION AND PRO-FORMA FINANCIAL POSITION AS AT
31 MARCH 2005**

		AUDITED CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2005	PRO-FORMA UNAUDITED FINANCIAL STATEMENTS AT 31 MARCH 2005
	Notes	\$	\$
Current Assets			
Cash	3	787,344	1,912,344
Receivables		157,579	157,579
Total Current Assets		944,923	2,069,923
Non Current Assets			
Fixed Assets		46,179	46,179
Share Investments		53,688	53,688
Investment in Associate	4	1,032,977	1,032,977
Total Non Current Assets		1,132,844	1,132,844
Intangible Assets			
Prospecting Expenditure	5	7,397,449	7,397,449
Total Intangible Assets		7,397,449	7,397,449
Total Assets		9,475,216	10,600,216
Current Liabilities			
Creditors	6	370,798	370,798
Hire Purchase		1,101	1,101
Total Current Liabilities		371,899	371,899
Net Assets		9,103,317	10,228,317
Equity			
Shareholders Equity	7	9,103,317	10,228,317
Total Equity		9,103,317	10,228,317

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND PRO-FORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2005

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

Heritage Gold NZ Limited is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX), the Australian Stock Exchange (ASX), and the Stock Exchange of Newcastle (NSX). The Company is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Heritage Gold NZ Limited have been prepared in accordance with the Financial Reporting Act 1993. The group consists of Heritage Gold NZ Limited and its subsidiary and associate.

The measurement base adopted is that recognized as appropriate for the measurement and reporting of earnings and financial position under the historical cost method modified by the revaluation of certain assets.

(b) Exploration, evaluation and development expenditure

Prospecting expenditure and mining tenements are initially recorded at cost. When a tenement is capable of sustaining commercial mining operations, the value or cost will be amortized over the expected productive life of the mine. In the event where exploration demonstrates a permit area is no longer prospective for economically recoverable reserves, the value or cost of the tenement is written off immediately.

(c) Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount and the write down recognized as an expense in the statement of financial performance.

(d) Share Investments

Share investments in listed companies are revalued annually to market value. Any revaluation surplus above cost is transferred directly to the revaluation reserve. A revaluation deficit in excess of the revaluation reserve is recognized as an expense in the period in which it arises. Subsequent revaluation surpluses, to the extent that they reverse revaluation deficits which were expensed, are recognized as revenue.

(e) Associated Companies

Associated companies are companies in which Heritage holds a substantial shareholding and in whose commercial and financial policy decisions it participates. Associated companies have been reflected in the consolidated financial statements on an equity accounting basis, which shows Heritage's share of the retained surpluses in the consolidated statement of financial performance and its share of post acquisition increases or decreases in net assets in the consolidated statement of financial position.

(f) Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. Depreciation is provided at rates calculated to reduce the cost of fixed assets to their residual values during their estimated useful lives. For this purpose Heritage has adopted the depreciation rates set by the Inland Revenue Department.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2005 Audited Consolidated Statement of Financial Position of the economic entity in the pro-forma Statement of Financial Position of the Economic Entity are as follows:

- (a) The issue of 23,500,000 Ordinary Shares and 23,500,000 New Options at an issue price of NZ 5 cents per Share and attached New Option.
- (b) The payment of issue costs pursuant to the issue of this Disclosure Document of NZ\$50,000.

		AUDITED CONSOLIDATED MANAGEMENT ACCOUNTS AT 31 MARCH 2005	PRO-FORMA UNAUDITED CONSOLIDATED MANAGEMENT ACCOUNTS AT 31 MARCH 2005		
		\$	\$		
3. Cash					
At 31 March 2005		787,344	787,344		
Receipt of capital	(a)	-	1,175,000		
Share capital raising costs	(b)	-	(50,000)		
		<u>787,344</u>	<u>1,912,344</u>		
4. Investment in Associate					
33% Interest in Broken Hill Cobalt Limited		<u>1,032,977</u>	<u>1,032,977</u>		
5. Exploration Expenditure					
Total prospecting cost and mining tenements		<u>7,397,449</u>	<u>7,397,449</u>		
6. Current payables					
Trade payables		<u>370,798</u>	<u>370,798</u>		
7. Contributed Equity					
		Fully Paid Ord Shares	Executive Options	New Options	\$
31 March 2005		108,026,066	7,200,000		14,285,420
Issue of Ordinary Shares and and New Options	(a)	23,500,000		23,500,000	1,175,000
Issue costs	(b)				(50,000)
		<u>131,526,066</u>	<u>7,200,000</u>	<u>23,500,000</u>	<u>\$15,410,420</u>

8. Impact of International Financial Reporting Standards

The Company is required to adopt International Financial Reporting Standards (IFRS) in New Zealand from 1 January 2007. Accordingly, the impact of these standards has not been quantified by the Company as at the date of this Prospectus Disclosure Document.

The key potential implications on the consolidated entity of the conversion to IFRS, identified to date, are summarised as follows:

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.
- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.
- Impairments of assets will be determined on a discounted basis (with the exception of exploration expenditure), with strict tests for determining whether goodwill and cash-generating operations have been impaired.
- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.
- Provision for mine site restoration and rehabilitation is currently recognised on an incremental undiscounted basis over the mine life. Under IFRS the provision would be recognised in full and be discounted upon initial recognition with a corresponding asset being recognised and included as part of development costs.

DEFINITIONS AND INTERPRETATION

"Application Form" means the combined Entitlement & Acceptance and Shortfall Application Form that accompanies the Disclosure Document for holders of Existing Shares as at the Record Date whose registered address is in New Zealand or Australia.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means the Australian Stock Exchange Limited or the market that it operates (as the context requires).

"Board" means the board of Directors of the Company.

"Business Day" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and other day that the relevant Stock Exchange declares is not a business day.

"Closing Date" means the date so described in the table at Section 1 of this Prospectus.

"Companies Act" means the New Zealand Companies Act 1993.

"Company" and **"Heritage Gold"** means Heritage Gold NZ Limited (New Zealand Registered Company Number AK 276623, Australian Registered Body Number 009 474 702), including its subsidiaries.

"Constitution" means the constitution of the Company as amended from time to time.

"Corporations Act" means the Australian Corporations Act 2001 (Cth)

"Directors" mean the directors of the Company.

"Disclosure Document" means this Investment Statement and Prospectus dated 19 September 2005 and including the Electronic Disclosure Document.

"Electronic Disclosure Document" means an electronic version of the Disclosure Document.

"Executive Options" means the unlisted executive options granted by the Company to Patrick James Dymock Elliott on 20 November 2003.

"Existing Share" means a fully paid ordinary share in the Company on issue at 5pm on the Record Date.

"Group" means the Company and its subsidiaries.

"Investment Statement" means the Investment Statement the subject of this Disclosure Document and relating to the Offer.

"Listing Rules" means the listing rules of the NZSX or ASX or NSX, as the context requires, as amended from time to time and for so long as the Company is admitted to the official list of such Exchange.

"New Option" means the option convertible to one New Share upon payment in full of the New Option Price after the issue date and prior to 5pm (New Zealand time) on the New Option Expiry Date.

"New Option Expiry Date" means 30 September 2008.

"New Option Price" means NZ\$0.10 (or the Australian dollar equivalent amount determined by the Directors from time to time and available on request to the Company) and is the price payable for conversion of each New Option to a New Share in the Company on or before the New Option Expiry Date.

"New Share" means one fully paid ordinary share in the Company, allotted upon payment in full of the Share Price or the New Option Price (as the case may be) that will rank equally in all respects with existing ordinary shares in the Company in issue at the time of allotment of the New Shares.

"NSX" means the Stock Exchange of Newcastle Limited.

"NZSX" means the main equities exchange operated by NZX;

"NZX" means the New Zealand Exchange Limited.

"Offer" means the offer to subscribe for New Shares and New Options pursuant to this Disclosure Document.

"Option" means an option to acquire a Share.

"Prospectus" means the prospectus the subject of this Disclosure Document and relating to the Offer.

"Record Date" means 5pm (New Zealand time) on 23 September 2005.

"Right" means the non-renounceable right to accept one New Share and one New Option in the Company pursuant to the terms of this Disclosure Document.

"Rights Issue" means the offer under this Disclosure Document of up to 23,500,000 New Shares and 23,500,000 attaching New Options at an issue price of NZ 5 cents each or AU 4.6 cents each on the basis of one New Share and one New Option for every five Existing Shares held on the Record Date.

"Section" means a section of this Disclosure Document.

"Share" means one ordinary fully paid share in the Company, be it an Existing Share or a New Share.

"Share Price" means NZ\$0.05 or AU\$0.046 and is the price payable for subscription for the New Shares on or before 5pm (New Zealand time) on the Closing Date.

"Shareholder" means a holder of Shares.

"Shortfall" means the New Shares and attaching New Options forming Rights, or parts of Rights, not accepted by holders of Existing Shares as at the Record Date.

"Stock Exchanges" means the NZX, the ASX and the NSX, for so long as the Company is admitted to the official lists of such exchanges.

"Warrant" means a warrant issued pursuant to an investment statement issued by the Company dated 15 May 2002.

TERMS, CONDITIONS AND DESCRIPTION OF NEW SHARES AND NEW OPTIONS

The terms and conditions of the New Shares and the New Options subject to Offer will be as follows:

The New Shares

The New Shares offered will be fully paid ordinary shares in the Company. Upon allotment and issue, all the New Shares will rank equally with the Existing Shares in the capital of the Company in all respects.

The following description provides shareholders with a summary of the material rights, privileges, restrictions and conditions attaching to the Existing Shares and which (in the absence of any amendment of applicable law or the Constitution) to the Company will attach to the New Shares to be issued upon exercise of Rights and payment of the Share Price, and the New Shares issued upon conversion of the New Options (following payment of the New Option Price). The rights, privileges, restrictions and conditions attaching to Shares are set out in full in the Constitution.

(a) Dividends

Holders of Shares are entitled to dividends as and when declared subject only to rights of holders of other shares from time to time entitled to special or prior rights to dividends. The Directors may declare dividends out of profits available to be distributed as dividends. Investors should note, however, that the Company's present policy is not to pay dividends. As at the date of this Disclosure Document there are no shares entitled to special or prior rights to dividends.

(b) Meetings and Voting rights

Each shareholder is entitled to notice of, and to attend and vote at, general meetings of the Company.

At a general meeting, every shareholder present in person or by proxy or in the case of a corporation by its duly authorised representative has (subject to the Listing Rules) one vote on a show of hands and, on a poll, one vote for each Share held.

(c) Issue of further Shares

Except where required by law or the Constitution and subject to the Listing Rules, the Directors may allot or otherwise dispose of further shares on such terms and conditions as they see fit.

(d) Transfer of Shares

Except where required by law or the Constitution and subject to the Listing Rules, there are no restrictions on the transfer of Shares. Shares may be transferred separately from New Options.

(e) Winding up

In the event of the winding up of the Company, after payment of outstanding debts and subject to the prior rights attaching to any shares from time to time ranking senior to the Shares, the remaining assets of the Company would be applied in paying all surpluses to holders of Shares in proportion to the amount paid up on such Shares held by them. All New Shares allotted on the conversion of the New Options (subject to payment of the New Option Price) will be credited as fully paid. As at the date of this Disclosure Document there are no shares ranking senior to the Shares.

(f) Appointment and retirement of Directors

The Constitution permits there to be not fewer than three or more than eight Directors or such other number as is fixed by ordinary resolution of Heritage Gold. As at the date of this Disclosure Document there are seven Directors. The Constitution requires that at the annual meeting of shareholders in every year at least one third of the Directors for the time being (if one third is not a whole number then the nearest whole number) shall retire from office. The Directors to retire at an annual meeting shall

be those Directors who have been longest in office since their last election. The retiring Directors are eligible for re-election.

(g) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by shareholders present and voting at the general meeting. At least 10 business days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(h) Variation of rights attaching to Shares

The rights attached to the Shares may be varied with the approval of shareholders in general meeting by special resolution. It is not a variation of the rights of Shares to issue securities of another class. Such issues may occur subject to the requirements of the Constitution and the Listing Rules.

The New Options

(a) Conversion of New Options

Each New Option will convert to one New Share upon the New Option holder paying the New Option Price in full at any time after the issue date and on or before 5pm (New Zealand time) on the New Option Expiry Date. If the holder of an New Option fails to pay the New Option Price on or before 5pm on the New Option Expiry Date, the relevant Option will lapse immediately after 5 p.m. on the New Option Expiry Date and in that event, the New Option holder will not be entitled to a refund of any sums paid to the Company in respect of the New Option Price or have any claims of any kind against the Company. The Company shall have no entitlement to make any call or otherwise demand payment in respect of the New Option Price. Holders of New Options will be reminded of their right to exercise the New Options at least 20 Business Days prior to the New Option Expiry Date.

Payment may be made in respect of some, and not all, of the New Options which holders are entitled to convert into New Shares, provided a minimum holding (as defined in the NZSX Listing Rules) of Shares will be held as a result.

(e) Rights and conditions of New Options

- (i) New Shares allotted upon conversion of the New Options will rank from the date of their issue *pari passu* in all respects with the existing issued ordinary shares in the Company at the time of exercise of the New Options. The Company will apply for official quotation of the Shares allotted upon conversion of the New Options on each stock exchange on which its ordinary shares are then quoted within 3 Business Days of allotment.
- (ii) On exercise, New Options will rank for any bonus issue made since the date of allotment of such New Options, but will not be entitled to any bonus securities before conversion .
- (iii) If before the conversion or lapse of the New Options, the Company makes a pro rata rights issue to holders of Shares in the Company, the relevant conversion price shall be reduced by the Board according to the formula set out below and there shall be no change in the number of Shares to which a New Option holder is entitled upon the conversion of his or her New Options:

$$\text{Adjusted Conversion Price} = O - \frac{E[P-(S+D)]}{N+1}$$

where:

O = the previous conversion price of the New Option

E = the number of Shares of which one New Option was allocated

P = the average market price per share (weighted by reference to volume) of the Shares sold in the ordinary course of trading on the New Zealand Stock Exchange during the 5 business days ending on the day before the ex rights date

S = the subscription price for a security under the rights issue

D = any dividend per share due but not yet paid on existing Shares (except those issued under the rights issue)

N = the number of Shares with rights or entitlements that must be held to receive a right to one new security.

- (v) Subject to the laws of New Zealand and Australia as applicable, the Listing Rules, the Constitution and the other terms and conditions of this Offer, the New Options may be transferred at any time prior to the New Option Expiry Date and transfers will be recorded in a New Options register maintained for that purpose. For the avoidance of doubt, New Options will be capable of transfer separately from Shares (including New Shares).
- (vi) New Option holders appearing on the register of the Company at the relevant date will be entitled to receive all reports and financial statements required to be laid before the shareholders in general meetings and all other notices and reports sent to shareholders. New Option holders will have the right to attend but shall not have the right to vote at general meetings of shareholders in respect of the New Options held by them. New Options will not carry any right to dividends nor any right to participate with other securities in the Company in the residual assets of the Company upon liquidation of the Company (and in the event of the liquidation of the Company, the New Options will automatically lapse).
- (vii) On any consolidation, subdivision or other reconstruction of ordinary shares in the Company, the New Option Price will be adjusted in proportion to the reconstruction.
- (viii) In any compulsory acquisition of the Company's Shares under a takeover code approved under the New Zealand Takeovers Act 1993, the New Options shall become capable of immediate conversion (subject to payment in full of the New Option Price) notwithstanding any other term. If the New Options are not exercised within 10 Business Days of notice to the holders of the compulsory acquisition, they will lapse.
- (ix) These terms and conditions may only be altered by the Company with the approval of 75% or more of the votes of the New Option holders exercised at a duly convened meeting of the New Option holders, with each New Option holder present at such meeting, whether in person or by proxy or by representative, being entitled to exercise one vote per New Option held and only to the extent permitted by the listing rules applying to the Company at the time of any change.
- (x) Notwithstanding any other provision of these terms, but subject to any requirements of all listing rules applying to the Company:
 - (a) the issue of further New Options, notes, shares or other securities which rank equally with existing New Options, whether as to voting rights, distributions or otherwise; and
 - (b) the amendment of these terms by the Board in order to comply with the requirements of NZX, ASX, NSX or any legislation; and
 - (c) the exercise of any power, right or discretion given to the Board or the Company pursuant to these terms,are, for the purposes of the Constitution and the Listing Rules, deemed not to be actions affecting the rights attached to New Options, and may be undertaken without the approval of the holders of the New Options.
- (xi) A meeting of the holders of the New Options may be called by the Board at any time, and shall be called on the written request of persons holding New Options carrying together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the meeting in question. All the provisions of the Constitution relating to meetings of holders of Shares apply, with all necessary modifications, to such a meeting, except that
 - (a) the necessary quorum is two or more holders of New Options eligible to vote at the meeting present in person or by proxy or representative, or, if there is only one eligible holder of New Options, that holder present in person or by proxy or representative;
 - (b) any holder of New Options, present in person or by proxy or representative, may demand a poll; and
 - (c) if the Board so elects, one meeting may be held of holders of New Options constituting more than one group, so long as voting at that meeting is by way of a poll, and proper arrangements are made to distinguish between the votes of members of each group.

- (xii) The Company will have no entitlement to make any call or otherwise demand payment in respect of any outstanding instalment of the New Option Price or to require the conversion of any New Option.
- (xiii) The Company may acquire New Options (which, on acquisition, may be cancelled) in accordance with the constitution of the Company and the Listing Rules.
- (xiv) Clause 16 of the Constitution (in respect of compulsory sale of less than minimum holdings) shall be deemed to be applicable to the New Options and to the holders of New Options, and is incorporated into these terms, as if the references in clause 16 to "securities" were to "New Options".

EXECUTION OF DISCLOSURE DOCUMENT BY LOCAL AGENT OF THE COMPANY

Signed by a local agent of Heritage Gold in accordance with Section 351 of the Corporations Act. Each Director of Heritage Gold has consented in writing to the lodgement and issue of this Disclosure Document.

19 September 2005



David John Williams
Local Agent

COMPANY DIRECTORY

Directors

Patrick J D Elliott, B.Comm; MBA
Chairman
Peter R Atkinson, BSc; FAusIMM
Managing Director
Geoffrey G Hill, BSc; MBA (NSW);
ASIA; FCPA; FAICD
Director
David J Williams, LLB; FAICD
Director
J Murray McKee, BA (Hons)
Director
Ralph N Stagg, BSc; MSc; DIC; MIMMM;
FAusIMM; Ceng, CP
Director

Alternate Director

Matthew G Hill (alternate to GG Hill)

Company Secretary

Sue Sangster

Registered (Head) Office

541 Parnell Road, Parnell
Auckland, New Zealand
Telephone (+64 9) 303 1893
Facsimile (+64 9) 303 1612
Email: office@heritagegold.co.nz
Website: www.heritagegold.co.nz

Principal Office in Australia

1st Floor, 25 Richardson Street
West Perth
WA 6005
Australia
Telephone (+61 8) 9481 2040
Facsimile (+61 8) 9481 2041

Auditors

Carlton DFK Chartered Accountants
Carlton DFK Centre
135 Broadway
Newmarket
Auckland
New Zealand

Principal Solicitors involved with the Offer

Chapman Tripp Sheffield Young, Level 35,
ANZ Building
23-29 Albert Street
Auckland
New Zealand

Share Registrars

New Zealand:
BK Registries Limited
PO Box 384
Ashburton, New Zealand
Telephone (+64 3) 308 8887

Australia:
Registries Limited
28 Margaret Street, Sydney
NSW 2000
Australia
Telephone (+612) 9279 0677

Stock Exchanges

The Company's Shares are quoted on the official list of the New Zealand Stock Exchange Ltd, NZX Code HGD; Australian Stock Exchange Ltd, ASX Code HTM; and the Stock Exchange of Newcastle, NSX code HGD.

ARBN: 009 474 702

Non-renounceable issue of up to 23,500,000 New Shares and 23,500,000 New Options

Instructions for the completion of this form are printed below and on the reverse

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TO: BK REGISTRIES LIMITED
PO BOX 384
ASHBURTON
NEW ZEALAND

Dated this _____ day of _____ 2005

Signed _____

IF YOU CHOOSE TO TAKE UP ALL OR PART OF YOUR ENTITLEMENT, THIS FORM, TOGETHER WITH THE TOTAL AMOUNT PAYABLE ON APPLICATION, MUST BE RETURNED SO AS TO BE RECEIVED BY THE COMPANY'S SHARE REGISTRAR IN NEW ZEALAND, BK REGISTRIES LIMITED, NOT LATER THAN 5pm (**NEW ZEALAND TIME**) ON TUESDAY 25 OCTOBER 2005. THE MINIMUM APPLICATION AMOUNT IS 400 NEW SHARES AND 400 NEW OPTIONS. THE NUMBER OF NEW SHARES AND NEW OPTIONS APPLIED FOR MUST BE THE SAME

[]

NZ\$[1 / AU\$[1]

NUMBER OF NEW SHARES AND NEW
OPTIONS APPLIED FOR

AMOUNT ENCLOSED

NZ\$ or AUS\$

This Shortfall Application section of the Application Form does not need to be signed. By completing the Shortfall Application section of this Application Form and lodging this Application Form and a cheque for the Application Money the Applicant hereby:

- IF YOU CHOOSE TO APPLY FOR ADDITIONAL NEW SHARES UNDER THE SHORTFALL, THIS FORM, TOGETHER WITH THE TOTAL AMOUNT PAYABLE ON APPLICATION, MUST BE RETURNED SO AS TO BE RECEIVED BY THE COMPANY'S SHARE REGISTRAR IN NEW ZEALAND, BK REGISTRIES LIMITED, NOT LATER THAN 5pm (NEW ZEALAND TIME) ON TUESDAY 25 OCTOBER 2005.

CERTIFICATE OF NON-REVOCATION OF ATTORNEY

N.B. To be completed where Application Form is being signed by an Attorney pursuant to an existing Power of Attorney.

I, _____ [Name of Attorney]

of _____ [Address and Occupation of Attorney]

HEREBY CERTIFY THAT:

1. By a Power of Attorney dated the _____ day of _____ 200..

[Name, Occupation and Address of person for whom Attorney is signed]
("the Donor") appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney;

2. I have executed the application for New Shares and New Options printed on the face of this form as Attorney pursuant to the powers conferred on me by that Power of Attorney.
3. At the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney by the death or dissolution of the Donor or otherwise.

Signed at

this _____ day of _____

2005

[Signature of Attorney]

IMPORTANT: An original or certified copy of the relevant Power of Attorney must be lodged with this form unless it has already been noted by the Share Registrar. Originals will be returned.

PLEASE READ THE FOLLOWING, WHICH CONTAINS A DETAILED EXPLANATION OF YOUR ENTITLEMENT

NEW SHARES AND NEW OPTIONS EXPLANATION OF ENTITLEMENT

- The front of this form sets out the number of New Shares and New Options to which you are entitled.
- You may accept that number or a lesser number of New Shares and New Options.
- The price for each New Share is NZ\$0.05 or AU\$0.046 and is payable on acceptance of the entitlement. The price payable to convert each New Option into one New Share is NZ\$0.10 and is payable at any time after the Issue Date and on or before 5pm (New Zealand time) on 30 September 2008.
- You may accept your entitlement in full (or in part) by completing the Entitlement and Acceptance Form overleaf. Your Rights are non-renounceable and are not therefore capable of being sold, traded or otherwise transferred.

APPLICATION TERMS AND INSTRUCTIONS

- By signing this form, you acknowledge that it was distributed with an Investment Statement/transaction specific prospectus dated 19 September 2005 and you accept the offer for the number of New Shares and New Options to which you are entitled (or such lesser number as you stipulate in this form subject to a minimum application of 400 New Shares and 400 New Options) upon and subject to the terms and conditions set out in the Investment Statement/transaction specific prospectus and this form.
- The share price of NZ\$0.05 or AU\$0.046 per New Share is payable in full upon acceptance. Payments are to be in New Zealand or Australian currency by cheque or bank draft. Cheques must be made payable to "Heritage Gold NZ Limited New Share and New Option Offer" and crossed "Not Transferable".
- Applications by a company must be signed on behalf of the company by a person or persons authorised for that purpose.
- Joint holders must all sign.
- An acceptance may be executed by an attorney, in which case the relevant Power of Attorney, if it has not already been noted by the Share Registrar, together with a certificate of non-revocation in the form overleaf, must accompany this acceptance.
- When completed, this form together with the appropriate payment in New Zealand or Australian currency should be forwarded to:
BK Registries Limited
PO Box 384
Ashburton, New Zealand
or to any member firm of the NZX in time to enable forwarding to BK Registries Limited by 5pm on 25 October 2005.
- Applications must be received by the BK Registries Limited no later than 5 p.m. (**New Zealand time**) on 25 October 2005.

SHORTFALL APPLICATIONS

The Shortfall Application section of the Application Form relates to the non-renounceable pro rata Rights Issue to shareholders with a registered address in New Zealand or Australia to acquire one New Share and one New Option, on the basis of one New Share and one New Option for every five Existing Shares held by shareholders with a registered address in New Zealand or Australia on the record date, subject to certain minimum entitlements, at an issue price of NZD\$0.05 or AU\$0.046 per New Share and one free attaching New Option for every New Share, with each New Option being exercisable at NZ\$0.10 (or the Australian dollar every equivalent determined by Directors) on or before 30 September 2008, to raise approximately NZD\$1,175,000, pursuant to the Investment Statement/transaction specific prospectus dated 19 September 2005. The expiry date of the Investment Statement/transaction specific prospectus is 31 December 2005. The Investment Statement/transaction specific prospectus contains information about investing in the Shares and Options of the Company and it is important to read this document before applying for New Shares and attaching New Options. A person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the Investment Statement/transaction specific prospectus, and any supplementary Prospectus (if applicable). While the Investment Statement/transaction specific prospectus is current, the Company will send paper copies of the Investment Statement/transaction specific prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request to Applicants without charge.

IF YOU REQUIRE FURTHER ASSISTANCE TO COMPLETE THIS FORM, PLEASE CONTACT YOUR FINANCIAL OR LEGAL ADVISER OR A MEMBER FIRM OF THE NZX WITHOUT DELAY.