



Incorporated in New Zealand / ABN 009 474 702

REGISTERED (HEAD) OFFICE

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

AUSTRALIAN OFFICE

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

27 September 2005

Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

PAGES: 3

FOR PUBLIC RELEASE

Re: Pro Rata Rights Issue

The Company has dispatched to shareholders an Investment Statement/transaction specific prospectus, Entitlement and Application form, and a covering letter. The covering letter is reproduced below.

Yours faithfully
HERITAGE GOLD NZ LTD

Sue Sangster
Company Secretary

27 September 2005

Dear Shareholder

Pro Rata Issue of Shares

On 19 September 2005, Heritage Gold NZ Limited ("the Company") announced that shareholders had approved a pro rata non-renounceable offer (the "Offer") to all existing shareholders with a registered address in New Zealand or Australia on the register at 5.00pm (New Zealand time) on 23 September 2005 ("the Record Date") (a "Shareholder"). Shareholders are offered one New Share and one New Option for every five fully paid ordinary shares held in the Company on the Record Date. Shareholders with less than 10,000 Shares registered on the Record Date will be entitled to apply for a minimum holding of 2,000 New Shares and New Options.

Terms of New Shares and New Options

Should you choose to accept the New Shares and the New Options to which you are entitled, you will need to make an initial payment of NZ\$0.05 or AU\$0.046 in respect of each New Share accepted. NZ\$0.10 will be payable to convert each New Option to one fully paid ordinary share in the Company at any time after the issue date and on or before 5pm (New Zealand time) on 30 September 2008, or the New Options will lapse.

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

Applications for New Shares and attached New Options

Applications for New Shares and attached New Options should be made by completing the Entitlement & Acceptances section of the enclosed Application Form, which shows the number of New Shares and New Options you are entitled to accept. The Application Form, together with your New Zealand or Australian cheque for payment of NZ\$0.05 or AU\$0.046

for each New Share that you wish to accept, made payable to "Heritage Gold NZ Limited New Share and New Option Offer" and crossed "Not Transferable", must reach the Company's New Zealand share registrar, BK Registries Limited, no later than 5pm (New Zealand time) on Tuesday 25 October 2005.

Application to take up Shortfall

An application to participate in any shortfall that may arise (the "Shortfall") may be made 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 of the Company may not participate in the Shortfall.

If applicants wish to participate in any Shortfall under the rights issue, they should complete the Shortfall Application section of the Application Form and lodge the Application Form with a cheque made payable to "Heritage Gold NZ Limited New Share and New Option Offer" and crossed "Not Transferable" for the New Share application and the Shortfall application to BK Registries. Application forms and cheques must reach BK Registries by no later than 5pm (New Zealand time) on Tuesday 25 October 2005. ***For the avoidance of doubt, where applicants are submitting an Application Form in respect of both their entitlement to New Shares and New Options and in respect of the Shortfall, only one cheque is required to be submitted in respect of both application amounts***

No Rights Trading

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 to accept the New Shares and New Options.

Investment Statement/Transaction Specific Prospectus

The enclosed Investment Statement/transaction specific prospectus sets out the details of the Offer and the procedure to be followed to take up your New Share and New Option entitlement and to apply for New Shares and New Options comprised in the Shortfall (if any). You are strongly encouraged to read the Investment Statement/transaction specific prospectus carefully. If you are unsure about what to do, you should consult your share broker or other financial advisor as soon as possible.

In connection with the Offer the Company registered a Short Form Prospectus in New Zealand with the New Zealand Companies Office and lodged a transaction specific prospectus under section 713 of the Australian Corporations Act 2001 with the Australian Securities & Investments Commission ("ASIC"), on 19 September 2005. The Investment Statement/transaction specific prospectus lodged with ASIC and the Short Form Prospectus registered in New Zealand can be accessed through the Company's website: www.heritagegold.co.nz

No Underwriting

The Offer is not underwritten.

Capital to be raised

On the basis of existing Shareholder entitlements and with the rounding up referred to above (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 attached New Options. If all New Shares under the Offer are subscribed for and issued, the Company would raise an amount of NZ\$1,175,000 and up to 23,500,000 New Shares and 23,500,000 New Options would be issued.

There is no minimum amount of funds to be raised.

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.

Closing Date for Applications

Applications for New Shares and attached New Options will close at 5pm (New Zealand time) on Tuesday 25 October 2005. The allotment of Shares and Options will be completed by 1 November 2005 and the New Shares and the New Options will be quoted, on a delayed delivery basis pending such allotment, from 1 November 2005.

Yours faithfully

HERITAGE GOLD NZ LIMITED

Peter Atkinson

Managing Director