



Incorporated in New Zealand / ABN 009 474 702

31 October 2005

Newcastle Stock Exchange
384 Hunter Street
Newcastle
NSW 2300
AUSTRALIA

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Pro Rata Rights Issue

Heritage Gold advises it has issued a total of 23,500,000 Shares and 23,500,000 Options on 31 October 2005 at NZ\$0.05 or AU\$0.045 per Share, following receipt of valid applications and payment under the terms of its non-renounceable rights issue offer. NZ\$1,175,000 (before expenses) was raised 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.

Following the close on Tuesday 25 October of its rights issue offer under a prospectus dated 19 September 2005, Heritage Gold had received valid applications from existing shareholders for 10,861,511 Shares and 10,861,511 Options. The shortfall under the offer is, therefore, 12,638,489 Shares and 12,638,489 Options. 12,638,489 Shares and 12,638,489 Options have been issued under the shortfall on the basis described in the prospectus, pursuant to valid applications received under the offer.

Warrant Conversion - Amended Price

Under the terms of the Warrants stated in the Prospectus dated 15 May 2002, when the Company makes a pro rata rights issue to holders of shares in the Company the price to convert to a fully paid ordinary share in the Company is adjusted. Accordingly, the Company advises that the conversion price to convert a Warrant to a fully paid ordinary share has been adjusted from NZ 7 cents to NZ 6.5 cents.

Sue Sangster
Company Secretary