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Newcastle Stock Exchange
384 Hunter Street
Newcastle
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AUSTRALIA

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FOR PUBLIC RELEASE

Pro Rata Rights Issue

Heritage Gold is pleased to announce its rights issue closed on 22 November 2006 with approximately \$700,000 (before expenses) raised from the issue of approximately 24.4 million new ordinary shares.

Heritage Gold managing director Peter Atkinson says he is delighted at the support received from shareholders. More than two thirds of the company's existing shareholders elected to take up the offer. "This is a very high takeup given that more than 50 per cent of shareholders are based overseas," he said.

The funds raised will be used for further exploration with the Company's current exploration targets, to advance the spin off of its New Zealand gold properties, to progress the Thackaringa cobalt project, and to provide working capital.

Heritage Gold announced on 22 September 2006 and on 9 October 2006 its intention to raise money in a 1 for 4 pro-rata renounceable rights offer. The company subsequently issued a combined Short Form Prospectus and Investment Statement and Transaction Specific Prospectus dated 25 October 2006.

Today, Heritage Gold issued a total of 24,420,201 shares at NZ\$0.029 or AU\$0.025 per share, following receipt of valid applications accepting entitlements under its renounceable rights issue offer and payment under the terms of its offer. Around NZ\$669,350 (before expenses) has therefore been raised from these applications. The issue was partially underwritten by Rundle Capital Partners ("Rundle") who received a fee of \$18,531. No shares were issued to Rundle under the underwriting arrangements.

The shortfall under the offer, is therefore, 12,642,232. The Board is considering applications received for the share comprised in the shortfall (including those received from share holders and warrant holders). The shares comprised in the short fall must be allotted no later than 25 December 2006.

Warrant Conversion 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 following the rights issue allocation above, the conversion price to convert a Warrant to a fully paid ordinary share has been adjusted from NZ 6.5 cents to NZ 6.3 cents.

Sue Sangster
Company Secretary