

HERITAGE GOLD NZ LIMITED
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Heritage Gold NZ Limited ("the Company") advises that its Annual Meeting of Shareholders will be held in the Pukekawa Room, Jubilee Building, 545 Parnell Road, Parnell, Auckland, New Zealand on Wednesday 11 August 2004 commencing at 11.00am.

The business of the meeting will be:

1 Presentations

- (a) The Chairman's address to shareholders and shareholder discussion.
- (b) To receive and consider the Annual Report including the Financial Statements and the Auditor's Report for the year ended 31 March 2004.

2 Re-election of Directors

- (a) Geoffrey Guild Hill retires by rotation under clause 73.1 of the Company's Constitution and, being eligible, offers himself for re-election.
- (b) James Murray McKee retires by rotation under clause 73.1 of the Company's Constitution and, being eligible, offers himself for re-election.
- (c) Patrick James Dymock Elliott was appointed to the Board on 26 November 2003 and being eligible, offers himself for election under clause 68.2 of the Company's Constitution.

James McKee is an Independent Director in terms of the NZX Listing Rules. Geoffrey Hill and Pat Elliott are not Independent Directors in terms of the NZX Listing Rules because Geoffrey Hill is a substantial security holder of the Company, and Pat Elliot is an executive director.

3 Re-appointment of Auditors

To record the re-appointment of Carlton - DFK as the Company's auditor under section 200 of the Companies Act 1993, and to authorise the Directors to settle their remuneration.

4 Revocation and Adoption of New Constitution

To consider and, if thought fit, to pass the following resolution:

"That the Company revoke its constitution and adopt the new constitution described in the explanatory notes to the notice of annual meeting."

Directors' recommendation

The Directors recommend you vote in favour of all resolutions.

Proxies and representatives

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. A body corporate shareholder may appoint a representative to attend the meeting on its behalf.

A proxy form is attached to this notice. If you wish to vote by proxy you must complete the form and produce it to the Company at its registered office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand so as to ensure that it is received at least 48 hours before the meeting.

By order of the Board

Sue Sangster
Company Secretary

28 June 2004

PROXY FORM

SECTION 1: SHAREHOLDER DETAILS (PLEASE PRINT CLEARLY)

Full name:

Full address:

If shares are held jointly, enter details of other joint holders:

Full name:

Full address:

SECTION 2: APPOINTMENT OF PROXY (This section must be completed) *

I appoint: Full name:

Full address:

as my proxy to exercise my vote at the Annual Meeting of the shareholders of the Company to be held on Monday 11 August 2004 in the Pukekawa Room, Jubilee Building, 545 Parnell Road, Parnell, Auckland, New Zealand, and at any adjournment of that meeting. If the person I have appointed is unable to be my proxy then I appoint

Full name:

Full address:

I acknowledge that the Company may rely on the vote or action of my proxy as being my vote or action, whether or not the proxy is acting in accordance with the instructions in Section 3 of this form.

SECTION 3: VOTING INSTRUCTIONS

I direct my proxy to vote in the following manner:

(Tick the box that applies)

	For	Against
(2a) Re-election of Geoffrey Guild Hill	<input type="checkbox"/>	<input type="checkbox"/>
(2b) Re-election of James Murray McKee	<input type="checkbox"/>	<input type="checkbox"/>
(2c) Election of Patrick James Dymock Elliott	<input type="checkbox"/>	<input type="checkbox"/>
(3) Re-appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
(4) Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>

SIGNED BY EACH SHAREHOLDER NAMED IN SECTION 1

Date: _____

Notes

- 1 As a shareholder you may attend the meeting and vote, or you may appoint a proxy to attend the meeting. A proxy need not be a shareholder of the Company.
*** The Chairman of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose, if so please indicate that in section 2 above.**
- 2 If you are joint holders of shares each of you must sign this proxy form. If you are a company this proxy form must be signed on behalf of the company by a person acting under the company's express or implied authority.
- 3 For this proxy form to be valid, you must complete it and produce it to the Company at the Company's Registered Office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand so as to ensure that it is received at least 48 hours before the meeting. If it has been signed under a power of attorney please send a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney with this proxy form.
- 4 If you return this form without directing the proxy how to vote on any particular matter, the proxy will vote as he or she thinks fit.

Heritage Gold NZ Ltd

Explanatory Notes to Notice of Annual Meeting of Shareholders

Revocation and adoption of new Constitution

New Zealand Exchange Limited (NZX) has recently made a number of changes to its Listing Rules applying to the Company (NZSX Rules). Set out below is a summary of the key changes to the NZSX Rules. Because the Company is listed on NZX, it must comply with the NZSX Rule changes. It also means that the Company's constitution needs to be up-dated because it no longer accurately reflects the NZSX Rules.

The new constitution carries forward requirements for the Company to comply with the Australian Stock Exchange (ASX) listing rules (ASX Rules), and the Newcastle Stock Exchange (NSX) listing rules, for so long as the Company is listed on those markets.

Accordingly, shareholders are being asked to adopt a new constitution. The new constitution incorporates the NZSX Rules by reference (which has only recently become possible due to an amendment made to NZSX Rule 3.1.1(a) in May 2004). The new constitution also incorporates the ASX Rules by reference (as provided for in Appendix 15A to the ASX Rules). So rather than repeating certain NZSX Rules and ASX Rules in the constitution, the constitution simply requires the Company to comply with the NZSX Rules and ASX Rules, and the NZSX Rules and ASX Rules are deemed to be incorporated.

This new approach means that the Company should not need to alter its constitution to reflect future NZSX Rule or ASX Rule changes. It will mean, however, that people wishing to understand the Company's constitutional obligations will need to refer to the NZSX Rules (a full copy of which is available at www.nzx.com) or ASX Rules (a full copy of which is available at www.asx.com.au).

To further simplify the Company's constitution, the new constitution does not repeat sections of the NZ Companies Act 1993 which would apply to the Company whether or not they were in the constitution. Again, this means that the Company should not need to amend its constitution each time the Companies Act is amended.

The new constitution will not affect the rights attached to the Company's shares, nor impose or remove any restrictions on the Company's powers.

None of the changes to the constitution impact on compliance with the NSX listing rules.

A copy of the Company's current constitution can be viewed at www.companies.govt.nz in the Company's online file. A copy of the proposed new constitution can be viewed on the Company's website at www.heritagegold.co.nz. Both the old and new constitutions can also be viewed at the Company's registered office at Nathan House, 541 Parnell Road, Parnell, Auckland, during normal business hours.

A special resolution of shareholders is required to revoke the Constitution and to adopt the new one. A special resolution is a resolution approved by 75% or more of the votes of those shareholders entitled to vote and voting on the resolution.

Recent key amendments to the NZSX Rules

NZX made several key changes to the NZSX Rules in October 2003 and again in May 2004. We summarise the key changes to the Company's constitution (referencing the existing clause references of the Company's constitution) below.

Change to related party transaction thresholds

- The related party transaction thresholds have changed so that they are now calculated on the basis of the Company's average market capitalisation (the previous test was based on the lesser of shareholders' funds or average market capitalisation). Currently, for the Company, this means an increase in the threshold at which a related party transaction requires shareholder approval under the NZSX Rules, because the Company's average market capitalisation is higher in value than the Company's shareholders' funds. (NZSX Rule 9.2.1 and clause 82 of the current constitution)
- Related party transactions are now permitted without shareholder approval for transactions which are employment agreements (with a natural person who is not a director) or where the total value of the transaction is less than \$250,000. (new NZSX Rules 9.2.1(c) and (d))

Change to major transaction thresholds

- The threshold for shareholder approval to a material transaction has been amended to apply to transactions of a gross value exceeding 50% of an issuer's average market capitalisation (the previous test was 50% of the lesser of an issuer's average market capitalisation or the gross value of its assets). Currently, for the Company this means an increase in the threshold for material transactions, because the Company's average market capitalisation is higher in value than the gross value of the Company's assets. (NZSX Rule 9.1.1 and clause 80 of the current constitution)

Increase in limits for issue of equity securities

- The percentage limit of equity securities which may be issued without shareholder approval to persons other than directors or employees in any 12 month period has increased from 10% to 15%. (NZSX Rule 7.3.5 and clause 24 of the current constitution)
- The percentage limit of equity securities which may be issued to employees without shareholder approval in any 12 month period has increased from 2% to 3%. (NZSX Rule 7.3.6 and clause 25 of the current constitution)
- New equity securities may be issued to existing equity security holders without shareholder approval if the consideration does not exceed \$5,000 per holder and the number of equity securities issued does not exceed 30% of the number of fully paid equity securities already on issue. (new NZSX Rule 7.3.4(ba). This provision does not currently exist in the current constitution)
- The time limit for completing issues of securities which have been approved by shareholders has been increased from 6 months to 12 months. (NZSX Rule 7.3.2 and clause 21 of the current constitution)
- The time limit for completing issues of securities made solely to employees has been increased from 12 months to 36 months. (NZSX Rule 7.3.2 and clause 21 of the current constitution).
- The Company cannot reprice or amend the terms of any securities issued with shareholder approval to or for the benefit of employees or directors, without either the approval of NZX or a further ordinary resolution of shareholders. (new NZSX Rule 7.3.7A. This provision does not currently exist in the current constitution.)

Increase in limit for buybacks

- The percentage limit of equity securities which may be acquired by an issuer in compliance with section 60(1)(b)(ii) of the Companies Act other than from directors, associated persons of directors or employees in any 12 month period has increased from 10% to 15%. (Rule 7.6.1 and clause 48 of the current constitution.)

Director Remuneration and payments on cessation of office

- The Company cannot make payments to directors on cessation of office without shareholder approval, unless the payment is made to a director in office on or before 1 May 2004 (provided that the total amount of the payment does not exceed the director's total remuneration in his or her capacity as a director in any three years chosen by the Company). (NZSX Rule 3.5.2 and clause 97 of the current constitution).
- Rule 3.5.1 has been amended to clarify that no remuneration can be paid to a director in his or her capacity as a director of an issuer *or any subsidiary of an issuer* (unless that subsidiary is itself listed) unless authorised by an ordinary resolution in accordance with that Rule. (Rule 3.5.1 and clause 95 of the current constitution.)

Corporate Governance

- NZX has made a number of changes to the corporate governance provisions of the NZSX Rules. For the Company, these changes take effect from 29 October 2004.
- Issuers must have a minimum of two independent directors, or if the issuer has eight or more directors, either three or one-third (whichever is the greater) must be independent. The Board must determine who is independent and advise the market. (new NZSX Rule 3.3.1(c). This provision does not currently exist in the current constitution)
- Issuers must have an audit committee, with at least 3 members. It must comprise only directors and a majority must be independent. One member must have a financial or accounting background and among other things, the committee must ensure that the external auditor or lead audit partner is changed every 5 years. (new NZSX Rule 3.6. This provision does not currently exist in the current constitution)
- NZX has adopted a Corporate Governance Best Practice Code (*Code*). Compliance with the Code is not mandatory, but issuers must disclose whether their corporate governance policies "materially differ" from the Code. (new NZSX Rule 10.5.3(i) and Appendix 16 to the NZSX Rules).