



Incorporated in New Zealand ABN 009 474 702

11 December 2009

Limited Company Relations
New Zealand Stock Exchange
Level 2, NZX Centre
11 Cable Street
Wellington

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) 9481-20

HALF YEARLY REPORT TO 30 SEPTEMBER 2009

The half yearly report is attached and has been mailed to shareholders today.

Sue Sangster
Company Secretary

About Heritage Gold

Heritage Gold (NZ) Limited is a leading New Zealand, dual listed (NZSX: HGD, ASX: HTM) minerals exploration company with a portfolio of high quality gold and base metal tenements in Australia and New Zealand.

Its gold tenements in the southern Coromandel region of New Zealand include the historic Talisman Mine at Karangahake which produced over 1 million oz of gold and 3 million oz of silver during its peak mining period. A mining permit was granted recently over the Talisman for a 25 year term.

Heritage Gold owns 33 percent of Broken Hill Prospecting Ltd ('BHPL' – formerly Broken Hill Cobalt Ltd), which is planning to develop a cobalt project at Thackaringa in New South Wales. BHPL holds tenements about 25km south west of Broken Hill, which host Broken Hill style base metal occurrences.

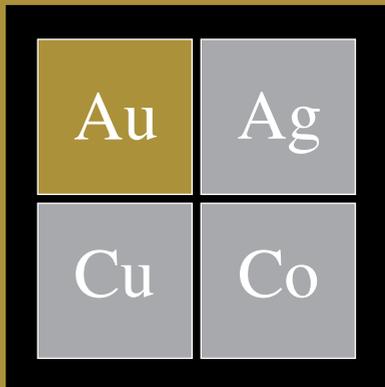
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HERITAGE

GOLD NZ LIMITED

Incorporated in New Zealand ABN 009 474

HALF YEARLY REPORT
TO 30 SEPTEMBER 2009



Unlocking world class mining opportunities



HERITAGE

GOLD NZ LIMITED

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DIRECTORS' REPORT

The Directors are pleased to present to shareholders the half yearly report for the six months ended 30 September 2009.

The Board appreciates the support and interest shown by shareholders during the period.

Of interest is the New Zealand government's recent decision to commence a systematic review of conservation land for its mineral potential in a stocktake of the country's untapped mineral assets.

HIGHLIGHTS

Overview

The Company's activities have been impacted by the global economic downturn. Until recently risk capital has been scarce, markets adverse, and investor interest limited.

After the end of the half year Heritage announced a Share Purchase Plan for Australia and New Zealand shareholders to subscribe for up to NZ\$10,000 or A\$8,000 worth of shares in lots of NZ\$1,000 or A\$800.

This was undertaken in response to shareholder requests at the Annual Meeting on 25 September for the opportunity to participate in the next share issue by the Company.

The Board is also considering other funding options for 2010.

Gold Projects (Waihi, New Zealand)

Karangahake (100%)

The objective for this project is to secure a technically and financially strong joint venture partner to assist with the development of our underground mine. Discussions are continuing with Chinese interests.

As the first step in this process Heritage applied for a mining permit over the Talisman and Dominion Knoll exploration permits.

Conditions for the Talisman mining permit have been agreed by Crown Minerals and Heritage Gold. The MPA awaits the Minister's approval and sign off, for what is an important milestone for Heritage.

Drill core from the adjacent Rahu exploration programme is being relogged to provide a reliable database for detailed structural analysis to better assist drill target selection. Application has been made to Crown Minerals for an extension to enable acquisition of the new range of data.

Golden Valley (100%)

Seismic survey trials gave an indicative depth to potentially mineralised basement beneath barren cover rocks. This method complements a new high sensitivity geochemical sampling technique developed by geologists at the University of Auckland, in a research programme being co-funded by Heritage.

Together, these advances will help identify drilling targets concealed by barren cover, and Heritage has applied to Crown Minerals to include these techniques in its work programme for the permit.

Gold and Base Metals – Northland, New Zealand (100%)

The Company is discussing a regional airborne geophysical survey with the local councils who are interested in acquiring the data for their own purposes.

Heritage and two other explorers have offered to contribute to the survey over the area of their own permits.

Heritage has applied to Crown Minerals to extend its prospecting permit to enable the survey negotiations to be finalised.

The permit areas are prospective for epithermal gold deposits and also base metals, confirmed by the results of geological mapping and sampling undertaken by Heritage and reported recently.

Gold and Base Metals – Broken Hill, NSW, Australia

Thackaringa

Heritage has 33% equity in Broken Hill Prospecting Ltd (formerly Broken Hill Cobalt Limited), which holds two mining leases and an exploration licence for gold and base metals about 20 km south west of Broken Hill in New South Wales.

Recent work managed by Heritage for BHPL identified numerous surface exposures of gossans derived from base metals (including cobalt) and gold. Several of the gossans are indicative of Broken Hill style mineralisation and a new cobalt mineralised zone was found at Pyrite Hill South.

The Company has accepted a proposed two year renewal of the exploration licence from the NSW Department of Industry and Investment.

New Projects

The Board is continuing to review mineral investment opportunities in Australia and other favourable countries.



Peter Atkinson
Executive Director

25 November 2009

Heritage Gold NZ Limited

Consolidated Balance Sheet

As at 30 September 2009

	30-Sep-09	31-Mar-09	30-Sep-08
	\$	\$	\$
Equity			
Attributable to parent company shareholders	9,324,801	9,630,782	11,805,256
Current liabilities			
Payables	91,523	76,158	344,304
Employee entitlements	21,037	19,802	41,982
Total current liabilities	112,560	95,960	386,286
Total equity and liabilities			
	9,437,361	9,726,742	12,191,542
Current assets			
Cash	404,579	807,114	1,627,002
Receivables and prepayments	23,610	22,142	94,802
Advances to related parties	296,435	295,754	89,124
Total current assets	724,624	1,125,010	1,810,928
Non-current assets			
Property, plant & equipment	23,980	30,164	36,381
Intangible assets	7,704,110	7,652,632	9,235,965
Investments	41,560	35,191	33,410
Investment in subsidiary	-	-	-
Investment in associate	943,087	883,745	1,074,858
Total non current assets	8,712,737	8,601,732	10,380,614
Total assets			
	9,437,361	9,726,742	12,191,542
Net Tangible Assets per Security			
	0.6 cent	0.7 cent	1 cent

Heritage Gold NZ Limited
Consolidated Statement of Changes in Equity
For six months ended 30 September 2009

	6 months 30-Sep-09	6 months 30-Sep-08
	\$	\$
Net loss	(305,981)	(441,647)
Transactions with owners	(305,981)	(441,647)
Equity at beginning of period	9,630,782	12,246,903
Equity at end of period	9,324,801	11,805,256

Heritage Gold NZ Limited
Consolidated Income Statement
For six months ended 30 September 2009

	6 Months 30-Sep-09	6 Months 30-Sep-08
	\$	\$
Continuing Operations		
Interest received	7,369	99,876
Other operating income	6,733	157,109
Administrative expenses	(379,425)	(672,610)
Loss from operations	(365,323)	(415,625)
Share of results of associates	59,342	(26,022)
Loss before tax	(305,981)	(441,647)
Income tax expense		-
Profit/(Loss) for the period	(305,981)	(441,647)
Attributable to:		
Company shareholders	(305,981)	(441,647)
Earnings per share		
Basis earnings/(loss) per share	(0.11) cents	(0.15) cents
Diluted earnings/(loss) per share	(0.11) cents	(0.13) cents

Heritage Gold NZ Limited

Consolidated Cash Flow Statement

For six months ended 30 September 2009

	6 months 30-Sep-09	6 months 30-Sep-08
	\$	\$
Cash flows from operating activities		
Cash inflows	8,389	74,325
Cash outflows	(222,821)	(448,798)
Net cash outflows from operating activities	(214,432)	(374,473)
Cash flows from investing activities		
Cash inflows	1,189	-
Cash outflows	(188,238)	(1,382,269)
Net cash outflows from investing activities	(187,049)	(1,382,269)
Cash flows from financing activities		
Cash inflows	-	-
Cash outflows	-	-
Net cash inflows from financing activities	-	-
Net increase /(decrease) in cash held	(401,481)	(1,756,742)
Exchange gain/(loss)	(1,054)	142,860
Cash at start of period	807,114	3,240,884
Cash at end of period	404,579	1,627,002
Cash comprises:		
Cash	290,872	1,144,291
Short term deposits	113,707	482,711
	404,579	1,627,002

Notes to the interim financial statements

Basis of preparation

These interim financial statements have been prepared in accordance with IAS-34, Interim Financial Reporting and should be read in conjunction with the accounting policies set out in the annual financial statements for the year ended 31 March 2009.

The consolidated half year accounts have been audited and the audit report is not qualified. A copy of the audit report can be obtained from the registered office of the Company.

Changes in accounting policies

There have been no changes in accounting policies during the period. The accounting policies and method of computation applied during the previous year were applied on a consistent basis during the current period.

Prospecting costs & mining tenements	6 months	Year ended	6 months
	30-Sep-09	31 Mar 09	30-Sep-08
Opening balance	7,652,632	8,132,817	8,132,817
Development expenditure	192,410	1,835,214	1,471,485
Less prospects written off during the period	(140,932)	(2,315,399)	(368,337)
Carrying amount	7,704,110	7,652,632	9,235,965

Commitments

Capital commitments at the end of the period were \$nil.

Contingent liabilities

Contingent liabilities at the end of the period were \$nil.

Going Concern

The financial report has been prepared on a going concern basis. The directors are engaged in negotiations with potential joint venture partners in respect of the Talisman mine project. Directors also announced details of a Share Purchase Plan which will increase both equity and cash reserves. The validity of the going concern basis is dependent on the success of these initiatives.

Subsequent events

In November 2009 the directors announced a Share Purchase Plan to raise new equity.

Seasonality of operations

The results are unaffected to any significant extent by seasonality factors.

Debt and equity securities

No securities have been issued or repaid during this financial period. 35,825,129 unexercised options issued under the terms of the prospectus dated 13 November 2007 expire at 5pm on 20 November 2009.

Significant transactions and events

The Waitete prospecting permit expired during the reporting period and was not renewed. Capitalised exploration expenditure of \$124,882 was written off to expense along with \$16,050 relating to the Waihi North permit.

Reconciliation of net deficit and operating cash flow

	6 months	6 months
	Sep 2009	Sep 2008
	\$	\$
Net deficit after taxation and before including share of retained deficit of associates	(365,323)	(415,625)
Add non-cash items:		
Depreciation	1,601	1,780
Unrealised revaluation (gain)/loss	(6,369)	599
Exchange gain/(loss)	(122)	(157,109)
Write off capital expenditure	140,932	368,337
	136,042	213,607
Add (less) movement in working capital:		
Decrease (increase) in debtors	(244)	951
Increase (decrease) in creditors	12,035	(163,239)
Increase (decrease) in accrued income	(1,020)	2,685
Decrease (increase) in GST	4,078	(12,852)
	14,849	(172,455)
Net cashflows from operating activities	(214,432)	(374,473)

HERITAGE

GOLD NZ LIMITED

Incorporated in New Zealand ABN 009 474

Company Directory

Directors

Geoffrey G Hill (Chairman)
J Murray McKee (Deputy Chairman)
Peter R Atkinson (Executive Director)
Warwick R Grigor
Matthew G Hill

Company Secretary

Mrs 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
Western Australia 6005
Telephone (+61 8) 9481-2040
Facsimile (+61 8) 9481-2041

Bankers

Westpac Bank, Auckland
National Australia Bank, West Perth

Auditors

Carlton DFK
Carlton DFK Centre
135 Broadway
Newmarket
Auckland

Solicitors

Chapman Tripp, Auckland
Simpson Grierson, Auckland
Williams & Hughes, Perth

Share Registrars

New Zealand:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Telephone (+64 9) 488 8777

Australia:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067, Australia
Telephone 1300 850 505
Overseas callers (+61 3) 9415 4000

Securities Listed

New Zealand Stock Exchange
Code: Shares HGD
Australian Securities Exchange
Code: Shares HTM



Unlocking world class mining opportunities

Director's Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the Half Yearly Report to 30 September 2009:
 - (a) Comply with New Zealand International Financial Reporting Standards (IFRS), and
 - (b) give a true and fair view of the economic entity's financial position as at 30 September 2009 and of its performance for the year ended on that date.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay it's debts as and when they become due and payable.



Peter Robert Atkinson
Executive Director
Heritage Gold NZ Limited

25 November 2009

AUDIT REPORT

TO THE SHAREHOLDERS OF HERITAGE GOLD NZ LIMITED

We have audited the financial statements. The financial statements provide information about the past financial performance of the Company and Group and their financial position as at 30 September 2009. This information is stated in accordance with the accounting policies set out in the report.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company and Group as at 30 September 2009 and of the results of operations and cash flows for the period ended 30 September 2009.

AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial statements presented to the Board and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgments made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Other than in our capacity as auditors, we provide taxation services to the Group.

Fundamental Uncertainty

In forming our unqualified opinion, we have considered the adequacy of the disclosures made in the financial report regarding the possible outcome of negotiations with potential joint venture partners and the likely success of the Share Purchase Plan to raise new equity. The financial report has been prepared on a going concern basis. The continuing validity of the going concern basis will depend upon the success of these initiatives. The financial report does not include any adjustments that would result if the initiatives were unsuccessful.

Details of the circumstances relating to this fundamental uncertainty are described in the notes to the financial statements.

UNQUALIFIED OPINION

We have obtained all the information and explanations that we have required.

In our opinion :

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and the financial statements.
 - comply with generally accepted accounting practice;
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of the Company and Group as at 30 September 2009 and the results of their operations and cash flows for the period ended on that date.

Our audit was completed on 25 November 2009 and our unqualified opinion is expressed as at that date.


Carlton - DFK
 Chartered Accountants
 AUCKLAND