

16 April 2012

Dear Shareholder

### **Share Purchase Plan (SPP) to Advance Development of Talisman Gold Mine Project**

Heritage Gold NZ Limited has been working for some time to advance the development of its Karangahake gold tenements near the important gold mining centre of Waihi in New Zealand. Significant steps have been made in more recent times on the Talisman Mine Project, where a recently completed Scoping Study Review has found that the development had a net present value of more than A\$150 million (see attached reports to stock exchange on 20 and 21 March 2012), sufficient to support a highly profitable operation.

Understandably, the board now plans to advance the company's development options at Talisman with the intention of greatly improving the future prospects of your company.

As the newly appointed Chairman of Heritage Gold, I am pleased to inform you that the Directors have agreed to offer shares up to the value of NZ\$15,000 (or A\$11,800) each to shareholders in Australia and New Zealand, under a Share Purchase Plan (SPP) so that you can participate more fully in this exciting opportunity.

The Directors decided on an SPP to ensure that all shareholders have the first opportunity to participate in the plan to make your Company a significant New Zealand gold producer.

The issue price of the SPP has been set at NZ 1.9 cents per share, or A 1.5 cents per share, being 10% less than the volume weighted average share price of Heritage Gold's ordinary shares traded on the NZSX in the five trading days prior to the Offer Date. The issue price of NZ 1.9 cents converts to A 1.5 cents using the Westpac Bank exchange rate applicable at close of business on the day before the Offer Date.

Payment may be made in Australian or New Zealand dollars in parcels of NZ\$1,000 (up to a maximum of NZ\$15,000) or A\$800 (up to a maximum of A\$11,800).

The funds raised from the SPP will be used to:

- advance the Talisman project towards prefeasibility, including a project development study to include mining and processing options, safety and environmental requirements; and
- fund general working capital.

The Company holds a Mining Permit covering the Talisman mine workings, which is current for approximately another 22 years and 8 months, subject to compliance with the conditions of grant. The permit includes virtually all of the former mines at Karangahake, which previously produced a total of 1 million ounces of gold and 3 million ounces of silver.

The recent Scoping Study Review completed by Australian mining consultants Mining One Pty Ltd was reported to the stock exchange on 20 and 21 March 2012 (see attached) and shareholders are advised to read both reports.

The highlights of that review include:

- the Talisman Mine Project had a net present value of more than A\$150 million based on a 7.5 per cent discount rate, which included a conservative 25% contingency added to all operating costs;
- the project would have a 12-year life, and the maximum cash outlay at any one time in the life of the project would be A\$20 million in year 4;
- the project would have a breakeven gold price of less than A\$1000 per ounce, and would be robust at between A\$1200 and A\$2000 per ounce;
- on base case price assumptions of A\$1600 per ounce gold and A\$30 per ounce silver, the project would have an internal rate of return exceeding 70%.

Subsequently, Heritage Gold advised the stock exchange on 11 April 2012 (see attached) that the company would be restructured to provide for a stronger focus on the development of the Talisman Mine Project.

Board changes were notified in accordance with this focus, and a change of name to New Talisman Gold Mines Ltd was announced.

Other changes were also proposed, all of which are designed to separate non-core activities from work that is scheduled to be undertaken at the Talisman Mine Project, including:

- the transferral of all non-core assets to the wholly-owned subsidiary company, Coromandel Gold Ltd;
- a restructuring of the Boards of both companies; and
- the appointment of a general manager to oversee the Talisman Mine Project.

To clarify the restructuring I should emphasize that it does not affect the number of Heritage shares that you hold.

Also on 11 April 2012 the company reported to the stock exchange on its Share Purchase Plan for shareholders (see SPP Booklet).

Please note that application to participate in the SPP can only be made on the **individualised application form** enclosed with this letter. Only shareholders on the register at the record date with an address in New Zealand or Australia can participate in this offer.

**Please read the enclosed documentation carefully and return the completed application form and cheque, as soon as possible.**

Thank you for your support.



Robert Pearce  
Chairman

11 April 2012

**HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)**

**FOR PUBLIC RELEASE**

**Share Purchase Plan**

Heritage Gold NZ Limited is pleased to announce that it is giving shareholders the opportunity to participate in the company's capital raising program in the form of a Share Purchase Plan (SPP).

The SPP will give shareholders resident in New Zealand or Australia (eligible shareholders) on 10 April 2012 (the record date) the option of subscribing for shares up to NZ\$15,000, or Australian \$11,800 in total or in lots of NZ\$1,000 or Australian \$800.

Heritage has decided that the SPP is not available to shareholders who are resident in other countries so as to avoid breaching laws in the relevant jurisdictions. Heritage, in making this decision, has taken into account the small number of overseas shareholders not resident in New Zealand or Australia.

The issue price will be NZ 1.9 cents and A 1.5 cents.

The issue price has been calculated by taking the volume weighted average price of Heritage shares traded on the NZSX over the 5 trading days prior to the record date and discounting this price by 10% and then converting to Australian currency using the Westpac bank exchange rate applicable at close of business on 10 April 2012 which is 0.7932.

Funds raised from the SPP will be used to advance the Talisman project towards prefeasibility, including a project development study to include mining and processing options, safety and environmental requirements and to fund general working capital.

The SPP documents will be mailed to shareholders on 16 April 2012.

The offer closes at 5pm New Zealand time on Wednesday 9 May 2012.

Sue Sangster

Company Secretary

**HERITAGE GOLD NZ LIMITED**

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11 April 2012

**HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)**

**Major Restructuring of Heritage Gold to Advance Talisman Mine Project**

**HIGHLIGHTS**

- **Heritage Gold to split into two entities**
- **Heritage Gold to solely focus on Talisman Mine Project and change its name to New Talisman Gold Mines Ltd**
- **Non-core assets transferred to the wholly-owned Coromandel Gold Ltd**
- **Boards of both companies will be restructured**
- **General Manager appointed to Heritage Gold to oversee development of mine project**

Heritage Gold NZ Limited has resolved to significantly restructure its assets, allowing the company to focus exclusively on the development of its Talisman Gold Mine Project, near Waihi in New Zealand. The company intends to change its name to New Talisman Gold Mines Ltd and apply to the stock exchange for new codes.

All of the company's existing non-core assets will be transferred to a wholly-owned subsidiary, Coromandel Gold Limited (CGL), which in due course will consider its own on-going funding.

The move comes in the wake of a recently completed Scoping Study Review, which found there was potential to develop a highly profitable gold mine at Talisman based on estimates that the project had a net present value of more than A\$150 million (see reports to ASX & NZSX of 20 & 21 March 2012). The Review was enhanced by a substantially improved gold price and considerable advances in mining and processing technology.

Directors have decided to divide the company between its core and non-core assets so that management can focus solely on developing Talisman without distractions from exploration ventures and a portfolio of other assets.

## **NEW APPOINTMENT**

To accelerate development of the Talisman Project, the board has appointed a very experienced mining engineer, Mr Paul Griffin, to oversee the project. Mr Griffin is a graduate of the University of Otago (NZ) and has more than 20 years' overseas experience in underground and open pit mining. He has been appointed General Manager, Mining.

Mr Griffin's principal role is to plan and oversee the development of the Talisman underground mine at Karangahake.

"Paul brings essential underground mining skills to the Talisman project and I'm very pleased he has joined the company", said Peter Atkinson, Executive Director.

## **BOARD CHANGES**

Mr Geoffrey Hill steps down today as chairman of Heritage Gold after serving for 12 years and playing an important role in advancing the company's mining portfolio.

Mr Peter Atkinson, a founding director of Heritage Gold, steps down as executive director effective today.

Mr Hill and Mr Atkinson also indicated that they would be retiring from the Board of Heritage Gold to concentrate on the affairs of Coromandel Gold; they agreed to retire as soon as practical but in any event by May 31st 2012

Mr Murray McKee will continue as deputy chairman. Mr Matthew Hill and Dr Ian Pringle will continue as directors.

### ***Director Appointment and Initial Disclosure Notice***

Mr Robert Pearce, an experienced mining company director from Perth, Western Australia, has accepted an invitation to join the Board to fill the casual vacancy as an independent director and chairman.

Mr Pearce has been chairman and/or finance director or CEO of numerous Australian and overseas mining companies over the past 25 years including Metals Exploration Ltd, North Kalgurli Mines Ltd, Hampton Gold Mining Areas Plc, Toucan Gold Inc and, more recently, Gladstone Pacific Nickel Ltd and Marenica Energy Ltd.

Mr Pearce said, "I am looking forward to being part of the team to accelerate the mining and production of gold from the Talisman mine in the very near future"

"In handing over to Robert Pearce I know the company will be in capable hands and will follow its progress with interest", said Mr Geoffrey Hill.

These changes are effective from today, 11 April 2012.

## **RESTRUCTURING OF ASSETS**

In order to effect the restructuring, Heritage Gold's Board has agreed to:

Immediately cease exploration and project assessment work outside New Zealand  
Transfer all non-Talisman related assets to CGL.

The non-core assets, which have a book value of NZ\$2,116,000 include:

- Golden Valley exploration permit (EP), which covers a gold prospect situated east of Waihi;
- All shares in the wholly-owned subsidiary, Northland Minerals Limited (NML), which holds an EP application over a copper prospect in Northland, NZ;
- 17,929,000 shares in Broken Hill Prospecting Limited, which owns a promising cobalt development project near Broken Hill in NSW, Australia;
- A small portfolio of shares in SX-listed and unlisted companies with a total value of less than NZ\$20,000; and
- The sum of NZ\$60,000.

The restructuring also involves the appointment of Mr Geoffrey Hill to the board of CGL, on which Mr McKee and Mr Atkinson will continue as directors. The CGL Board will be responsible for the funding of the subsidiary company.

Peter Atkinson  
**Director**  
 00 64 21 630 463

**21 March 2012**

**HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)  
 ANNOUNCEMENT FOR PUBLIC RELEASE**

**Addendum to Talisman Scoping Study Review**

The purpose of the Scoping Study review was to update the 2008 financial analysis of the Talisman Mine based on two independent studies; revised development process and design and geological models.

It should have been noted in the report released yesterday (see copy below) that the values attributed to the project are not compliant with the VALMIN Code as they are based on conceptual resource estimates.

The values assumed in the report will be achieved only if the grade and tonnage assumptions are met through the planned work outlined in the Scoping Study Review.

Peter Atkinson  
**Managing Director**

**20 March 2012**

**HERITAGE GOLD NZ LIMITED (ASX: HTM, NZSX: HGD)  
 ANNOUNCEMENT FOR PUBLIC RELEASE**

**Talisman Scoping Study Review Outlines a Profitable Gold Mine**

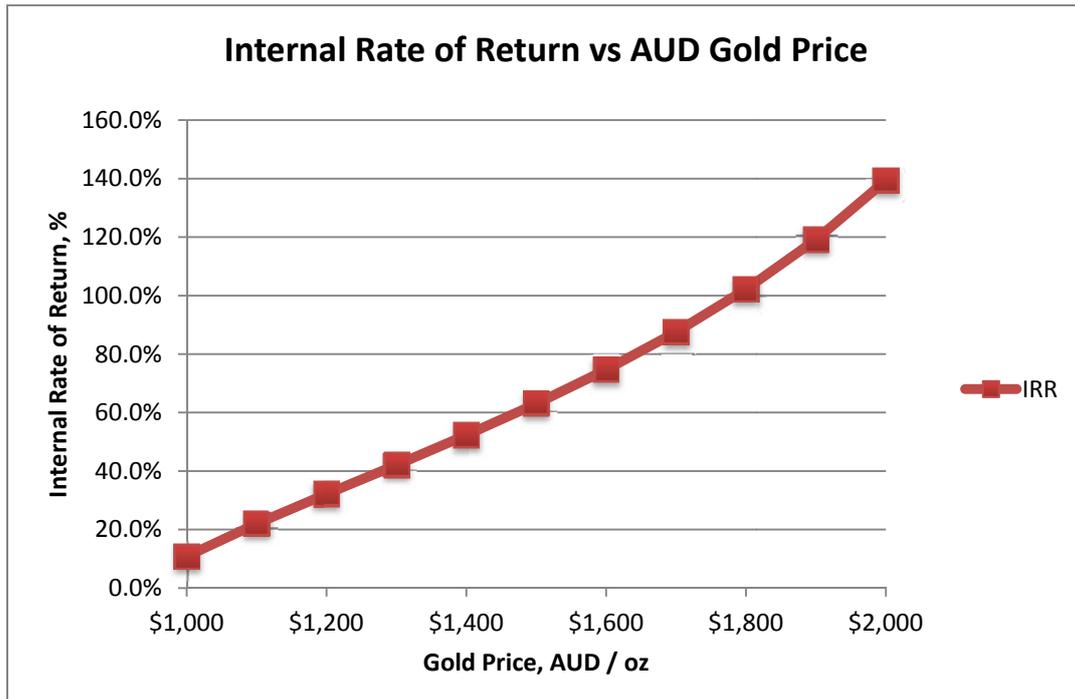
**A recently completed Scoping Study Review has outlined a potentially very robust and highly profitable gold mine at Heritage's undeveloped Talisman gold deposit.**

**The review found that, for the assumptions made, and a 7.5% discount rate, the project has a net present value (NPV), of over A\$150 million. This includes a conservative 25% contingency on all operating costs. The maximum cash outlay at any one time in the 12 year project is A\$20 million which occurs in year 4.**

**Overall, the review showed that the project is robust in the price range of A\$1,200 to A\$2,000 per ounce of gold and has a break even gold price of under A\$1000 per ounce.**

**Using the base case assumed gold price of Australian \$1,600 per ounce and silver price of A\$30 per ounce (close to current values), the review gives an Internal Rate of Return (IRR) of over 70% (Figure 1).**

Figure 1 Talisman Scoping Study IRR trend with Gold Price



A review of a previous scoping study for the Karangahake Project has recently been completed by Melbourne-based mining consultants Mining One Pty Ltd (“Mining One”). The review incorporated the following changes to the previous work:

- updated capital and operating costs, which generally increased;
- updated gold and silver prices, which greatly increased;
- modified many mining and production parameters and incorporated new developments in mining practice, as well as advancements in mining technology;
- amended production schedules to include prioritize mining of accessible and high-grade ore early in the project and defer less accessible low-grade ore to later in the project; and
- detailed a new financial analysis for the scoped project.

### **Scoping Study Review Parameters**

Mining One was engaged by Heritage to update previous studies of the Talisman Project. The main background for the review came from two prior independent studies as well as a range of design files and geological models.

The review used the mining schedule from a previous study in 2008, with some amendments to prioritize mining of accessible and high-grade ore in early production and defer less accessible low-grade ore .

The study is based on a 12 year mine life, with staged development building over six years to reach 150,000 tpa.

The study assumed average ore grade would be 10.2 g/t gold with 95% recovery and 14.3 g/t silver with 65% recovery and processing plant operation of 24 hours a day for 365 days a year.

### **Summary of the Scoping Study Review Results**

The primary purpose of the review was to produce an updated financial analysis, while also providing recommendations on how the project could progress.

The review found that only a small amount of resource satisfied the low risk categories of the JORC code and it recommends further drill definition. Because of the substantial amount of past mining activity it suggested that there is potential for a considerable increase in geological resource.

The scoping study proposes that the Talisman Mine is developed in a phased and progressive manner in the first four years. Early access through existing adits will enable the mine to produce ore by small scale stoping, generating some early cash flow. After that, it proposes that the mine introduces a mechanised method such as long-hole stoping or jumbo flat-backing, and this will require separate decline access.

The previous studies recommended that the mine is managed on an owner-operator basis though Mining One suggests that using an underground contractor should be considered.

Managing the environmental and heritage considerations are considered pivotal in realising the potential of the resource and these will require ongoing investigation.

Mining One put forward two ore processing options, being toll treatment (the sale of the ore to a plant operated by another party) or a new process plant. Mining One suggest a combined approach with toll treatment of ore for four years while a purpose built mill is constructed. The completion of the mill could then coincide with the mine approaching full production.

Mining One consider that, based on the mining and processing assumptions used, the Talisman Project has the potential to be highly profitable in today's economic conditions. At a gold price of A\$1,600 per ounce and silver price of A\$30 per ounce, Mining One found that at a discount rate of 7.5% the net present value (NPV) of the project is over A\$150 million. This includes a conservative 25% contingency on all operating costs. The maximum cash outlay at any one time in the 12 year project is A\$20 million which occurs in year four.

In order to improve the confidence, and to enable the project to move to pre-feasibility or feasibility stage, Mining One recommended that further drilling and geological interpretation is undertaken to redefine ore resources into JORC compliant categories with higher confidence levels and that a new mine design and schedule is completed using this new data. The study also suggests that efficiencies would be gained through new definition and design of a process plant that will have an effective production rate over the full life of mine and that further test work is required to better define the operating parameters of the plant.

## **Planned work**

Heritage now plans to advance the project through drill testing and geological studies to increase the confidence level of high-grade ore zones, particularly the known gold mineralization which is easily accessed.

Heritage is commencing a project development study to include mining and processing options, mine design and scheduling. This work will use new data collected during the following planned work:

- Underground hydrology assessment;
- Underground geotechnical review;
- Evaluation of underground development methodology;
- Underground bulk sampling by small scale trial stoping;
- Metallurgical development and test work using the ore bulk samples;
- Definition and design of an ore processing system; and
- Planning of environmental management and end-of-mine closure.

These project development activities will be carried out throughout the rest of 2012 and into 2013. The output of this phase of work will be a feasibility report, which is expected to confidently justify re-opening the "New" Talisman underground gold mine.

Peter Atkinson  
**Managing Director**

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### **Competent Person Statements**

*The information in this report that relates to gold exploration results is based on information compiled by or supervised by Mr Murray Stevens<sup>1</sup>. Mr Stevens is an independent consulting geologist who is a Member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stevens consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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Heritage Gold NZ Limited

## Share Purchase Plan

11 April 2012

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**This is an important document  
If you have any doubts on what you should do, please consult your financial adviser**

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KEY DATES\*

10 April 2012	Record Date	Date on which Heritage determined the Eligible Shareholders
11 April 2012	Opening Date	Share Purchase Plan opens
9 May 2012	Closing Date	Share Purchase Plan closes. Applications must be received by 5pm NZ time
By 16 May 2012	Allotment Date	Shares allotted. Trading expected to commence on NZSX and ASX on next Trading Day
18 May 2012	Despatch Date	New Share Statements sent to Shareholders

\* Heritage Gold NZ Limited reserves the right to alter the key dates.

**Defined words and expressions used in this booklet are capitalised - see the Glossary for their definition.**

The directors of Heritage certify that at the time the Issue Price was fixed (11 April 2012), Heritage had no information not publicly available that would, or would be likely to, have a material effect on the market price of Heritage shares if the information were publicly available.

**Signed by** the Heritage Gold NZ Limited Directors



\_\_\_\_\_  
P.R. Atkinson



\_\_\_\_\_  
M.G. Hill



\_\_\_\_\_  
I. J. Pringle



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G.G. Hill



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J.M. McKee



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R.A. Pearce

## QUESTIONS AND ANSWERS

### ***What is the Share Purchase Plan (SPP)?***

The SPP allows Eligible Shareholders to apply for additional Shares in Heritage Gold NZ Limited (“Heritage”) without incurring brokerage or other transaction costs. All Shares issued under the SPP will be of the same class and rank equally with all existing fully paid ordinary Shares and, on issue, will carry the same voting rights and other entitlements.

### ***Why is Heritage issuing more Shares?***

The funds raised from the SPP will be used to:

- To advance the Talisman project towards prefeasibility, including a project development study to include mining and processing options, safety and environmental requirements; and to;
- fund general working capital.

### ***Do I have to participate in the SPP?***

No - participation is entirely voluntary. Before you apply for Shares under the SPP, we recommend that you seek independent financial advice from your financial adviser.

### ***Can I participate in the SPP***

You are eligible to participate in the offer under the SPP if:

- You were registered as a holder of Shares at 7.00pm (NZ time) on 10 April 2012 (the **Record Date**); and
- Your registered address on the Share register is in Australia or New Zealand.

Heritage has decided that the SPP is not available to Shareholders who are not resident in New Zealand or Australia so as to avoid the risk of breaching laws in the relevant jurisdictions. Heritage, in making this decision, has taken into account the small number of overseas Shareholders not resident in New Zealand or Australia.

If you are a Custodian, or you hold shares through a Custodian, please read paragraphs 3.4 and 3.5 of the SPP Terms and Conditions.

### ***How much can I invest under the SPP?***

The amount you may invest under the SPP is limited. Eligible Shareholders may elect to apply for a Parcel of Shares with a value of NZ\$1,000 or A\$800 or any multiple of NZ\$1,000 (A\$800) up to a maximum of **NZ\$15,000 (A\$11,800) or a maximum purchase of NZ\$15,000 or A\$11,800.**

If you receive more than one copy of this booklet, or if you hold Shares in more than one capacity (eg, because you are both a sole and joint holder of Shares), the total value of the Parcels that you may apply for in all capacities is NZ\$15,000 (A\$11,800). By applying to purchase Shares under the SPP, you give the certification set out in the terms and conditions of the SPP and the Application Form.

Custodians that hold Shares on behalf of one or more beneficial owners may apply for Shares to the value of up to NZ\$15,000 (A\$11,800) on behalf of beneficial owners who are New Zealand or Australian residents), provided that they comply with certain certification requirements and other conditions set out in the terms and conditions of the SPP.

For this purpose, in summary, a Custodian is a trustee company, nominee, or bare trustee

that is permitted to act as custodian under applicable laws. In particular, Custodians in Australia may need to satisfy the financial services licensing requirements described in the glossary under the definition of “Custodian”.

The offer set out under the SPP is made to the Custodian as the registered holder (not the beneficiary directly). This means it is at the discretion of the Custodian whether to extend the offer to their beneficiaries.

Joint holders are treated as a single Shareholder under the SPP and together can only make one application up to a maximum of NZ\$15,000 (A\$11,800). If you own Shares through a trustee or Custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or Custodian to purchase Shares on your behalf, up to a maximum of NZ\$15,000 (A\$11,800); you may not do both.

The offer is non-renounceable, so you cannot transfer your right to purchase Shares under the SPP to anyone else.

***Why are investments limited to the maximum subscription amount of NZ\$15,000 or A\$11,800?***

The offer under the SPP must comply with securities laws and regulatory requirements applicable in Australia and New Zealand and the conditions imposed by NZX, ASX and the ASIC.

Under these laws, the maximum amount that Eligible Subscribers may elect to invest is the lesser of NZ\$15,000 and A\$15,000. In order not to exceed the lesser of these two amounts, Heritage has set the maximum Australian dollar application amount at A\$11,800 to allow for NZ\$:A\$ exchange rate movements. However, if the NZ\$:A\$ exchange rate varies such that the dollar amount you applied for exceeds either of the NZ\$15,000 or A\$15,000 regulatory limits, shares having a total issue price equal to the relevant regulatory limit will be issued to you and you will be refunded the excess cash amount. No interest will be paid on application money refunded to you.

***What is the Issue Price of the Shares under the SPP?***

Shareholders will be able to pay in either New Zealand or Australian dollars.

The Issue Price is NZ 1.9 cents or A 1.5 cents per share, being 10% less than the volume weighted average share price of Heritage ordinary shares traded on the NZSX in the 5 Trading Days prior to the Offer Date. NZ 1.9 cents converts to A 1.5 cents using the Westpac bank exchange rate applicable at close of business on the day before the Offer Date. The number of shares to be issued will be the subscription amount divided by the Issue Price in the currency applicable subject to any rounding and/or scaling as described in the Terms and Conditions. For example NZ\$1,000 will purchase 52,631 shares and A\$800 will purchase 53,333 shares.

The Issue Price was fixed on the Offer Date and the procedure used to determine the Issue Price was to calculate the volume weighted average share price of Heritage ordinary shares referred to above and apply a discount considered appropriate by the Heritage board.

***What are the risks of investing in the SPP?***

The market price of Heritage Shares may rise or fall between the date of this offer and the date when Shares issued under the SPP are allotted to you. As a result, the Issue Price you pay for Shares issued to you under the SPP may exceed the price of Heritage Shares trading on the NZSX and the ASX. In other words, the value of the Shares issued to you under the SPP may be, at the time of issue, lower than the Issue Price.

There can be no certainty that Heritage Shares will trade at or above the Issue Price following the issue of the Shares under the SPP. Accordingly, you should seek your own financial advice in relation to this offer and your participation in the SPP.

### ***How do I apply for Shares under the SPP?***

If you wish to participate in the SPP, follow the step-by-step instructions set out on the reverse of the enclosed personalised Application Form.

You must send your completed Application Form with your cheque or money order made payable to "Heritage Gold NZ Limited" to Heritage's share registry Computershare Investor Services Limited, as per the instructions on the Application Form, to be received no later than **5.00pm NZ time on Wednesday 9 May 2012** (unless extended).

You will not be able to withdraw or revoke your application once you have sent it in.

### **Share Registry**

#### **Computershare Investor Services Limited**

159 Hurstmere Road, Takapuna,  
Private Bag 92119  
Auckland 1142, New Zealand

#### **Computershare Investor Services Pty Limited**

GPO Box 3329  
Melbourne  
Victoria 8060, Australia

You may also lodge the Application Form and your cheque with any Primary Market Participant or any other channel approved by NZX, but you should allow sufficient time to enable forwarding to Computershare prior to 5:00pm NZ time on the Closing Date.

### ***How long is the SPP open?***

The SPP opens on 11 April 2012 and is expected to close at 5.00pm (NZ time) on 9 May 2012, unless extended.

Please allow adequate time for mail deliveries. Applications received after this time may not be accepted.

### ***When will I receive my Shares?***

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be by 16 May 2012.

A statement confirming the number of Shares issued to you under the SPP will be sent on or around 18 May 2012.

### ***How many Shares will I receive?***

Under the NZX Listing Rules and in accordance with ASX requirements Heritage may issue up to 30% of the number of fully paid ordinary shares already on issue under the Plan without Shareholder approval provided certain conditions are met. Given the number of Shareholders in New Zealand and Australia it is possible to receive applications under the Plan for more than 30% of the number of fully paid shares already on issue. Accordingly, Heritage will scale applications on a pro-rata basis (in proportion to the number of new Shares applied for under the Plan) so that the number of new Shares issued under the Plan is equal to or less than 30% of the Shares already on issue.

If Heritage scales applications it may mean, for example, if you apply for a NZ\$15,000

(A\$11,800) Parcel and applications are scaled back 10% then your application will be scaled back to NZ\$13,500 (A\$10,620). In that event you will receive a refund cheque for NZ\$1,500 (A\$1,180) at the same time as your transaction confirmation statement.

***When will the Shares be quoted?***

Shares issued under the SPP will be quoted on the NZSX, and application will be made for Shares to be quoted on the ASX, and are expected to commence trading on the Trading Day after the Allotment Date (which will be 16 May 2012 based on the current timetable). NZX is a registered exchange, and the NZSX is a registered market, regulated under the Securities Markets Act 1988. NZX and ASX accept no responsibility for any statement in this booklet, the SPP Terms and Conditions or in the Application Form.

***Further assistance***

If you have any questions, please contact your financial adviser before making an investment.

If you need to contact Heritage you can do so by contacting the Company Secretary on +64 (0) 9 303 1893 or by [email: sue@heritagegold.co.nz](mailto:sue@heritagegold.co.nz)

# TERMS AND CONDITIONS

## **IMPORTANT NOTICE:**

**If you apply to participate in the SPP by completing and returning the Application Form, you are accepting the risk that the market price of Shares may change between the Record Date, the date at which you send in an Application Form and the Allotment Date. This means that it is possible that up to or after the Allotment Date, you may be able to acquire Shares at a lower price than the Issue Price.**

**The information contained in these terms and conditions, the SPP and the Application Form does not constitute financial advice and does not take into consideration the investment objectives or other particular needs of individuals. We encourage you to seek your own financial advice regarding your participation in the SPP.**

**Defined words and expressions used in this booklet are capitalised – see the Glossary for their definition.**

**These Terms and Conditions set out the terms and conditions of the offer made pursuant to the SPP. Please read these Terms and Conditions carefully.**

## **1 Offer timetable**

- 1.1 This offer is dated, and taken to be made on, 11 April 2012.
- 1.2 The offer opens on the Opening Date, being 11 April 2012.
- 1.3 The offer closes at 5.00pm (NZ time) on the Closing Date, being 9 May 2012, unless extended. Applications Forms and cheques or money orders may not be processed or considered valid if they have not been received by Heritage at this time.
- 1.4 The Issue Price is NZ 1.9 cents or A 1.5 cents per Share.
- 1.5 The Shares are proposed to be allotted on the Allotment Date, being 16 May 2012.
- 1.6 Heritage expects the Shares will commence trading on the NZSX and the ASX on the Trading Day after the Allotment Date.
- 1.7 Heritage expects that a transaction confirmation will be despatched to you on the Despatch Date, being on or around 18 May 2012.
- 1.8 Heritage has a discretion to change, at any time, any of the Closing Date, the Allotment Date and the Despatch Date (notwithstanding that the offer has opened or Application Forms have been received) by lodging a revised timetable with NZX and ASX.
- 1.9 Any Shares that are not issued under the SPP may be issued by Heritage to such persons and in such manner as the Board considers equitable and in the interests of Heritage, provided that the price and terms and conditions of the issue are not materially more favourable to the offerees than those offered under the SPP.

## **2 Eligible Shareholders**

- 2.1 You may participate in the SPP if you are an Eligible Shareholder.
- 2.2 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them.

- 2.3 If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

### **3 Applications for Parcels of Shares**

#### **Limitations on applications**

- 3.1 Subject to clause 3.3, if you are an Eligible Shareholder you may apply for Shares to the value of the Parcel that you specify on your Application Form, up to the Maximum Subscription Amount (\$NZ15,000 or A\$11,800). Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) may apply on different Application Forms for more than one Parcel, but may not, subject to clause 3.3, apply for Shares with an aggregate value of more than the Maximum Subscription Amount.
- 3.2 The total issue price of all Shares issued by Heritage to an Eligible Shareholder under the SPP or any similar arrangement in the 12 months prior to and including the date of an application for Shares under the SPP (as if Shares up to the value of the Parcel applied for in this SPP were issued and whether the Shares are issued through any Custodian or to the Eligible Shareholder in his or her own right) must not exceed the Maximum Subscription Amount. This limit applies only to Shares issued by Heritage under this SPP (since there has been no other similar arrangement in the last 12 months) and does not include any Shares the Eligible Shareholder may have acquired on the ASX or the NZSX or through a rights offer.
- 3.3 Eligible Shareholders must give the certification in the form required by ASIC Class Order 09/425 set out in the Application Form, that the total of the application price does not exceed A\$11,800 calculated by aggregating:
- a) the total Shares applied for under the SPP; and
  - b) any other Shares issued under the SPP or any similar arrangement in the last 12 months; and
  - c) any other Shares which the Eligible Shareholder has instructed a Custodian to acquire on their behalf under the SPP; and
  - d) any other Shares issued to a Custodian in the 12 months before the date of this application as a result of an instruction given to the Custodian to apply for Shares on their behalf under an arrangement similar to the SPP.

#### **Custodians**

- 3.4 Custodians may apply for Shares for greater than the Maximum Subscription Amount but only up to the total value of Shares applied for by each beneficial owner (who must be either New Zealand resident or Australian resident) for which the Custodian acts as a custodian. Custodians must confirm to Heritage that they are holding shares as a custodian for that beneficial holder by providing the written certification to Heritage as described in clause 3.5 below and set out in the Application Form. Each such beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for Parcels up to the value of Maximum Subscription Amount (subject to clause 3.5).
- 3.5 The total issue price of all Shares issued directly or indirectly by Heritage to a beneficial owner under the SPP or any similar arrangement in the 12 months prior to and including the date of an application for Shares under the SPP (as if the Shares up to the value of the Parcel applied for through the Custodian pursuant to the SPP were issued and whether the Shares are issued through any Custodian or to the beneficial owner in his or her own right) must not exceed the Maximum Subscription Amount. This limit applies only to Shares issued by Heritage under this SPP (since there has been no other similar arrangement in the last 12 months) and does not include any Shares the beneficial owner may have acquired on the NZSX or through a rights offer. If a Custodian applies for

Shares pursuant to clause 3.4, the Custodian must certify the following to Heritage in the form required by ASIC Class Order 09/425 as set out in the Application Form:

- (a) that the Custodian holds Shares directly or indirectly as a custodian for beneficial owners;
- (b) the number of those beneficial owners;
- (c) the name and address of each of those beneficial owners;
- (d) in respect of each of those beneficial owners, the number of Shares that the Custodian holds on their behalf;
- (e) that each beneficial owner has a registered address in New Zealand or Australia;
- (f) in respect of each of the beneficial owners, how many Shares the beneficial owner or the beneficial owner's agent has instructed the Custodian to apply for on behalf of that beneficial owner;
- (g) that the Custodian undertakes not to accept on behalf of any of those beneficial owners on whose behalf it holds Shares, in any 12 month period, Shares under the SPP or any similar arrangement the total issue price of which is more than the lesser of NZ\$15,000 or A\$11,800;
- (h) that the beneficial owner on whose behalf the Custodian is submitting an application is not making an application as an Eligible Shareholder for Shares under the SPP, and no other Custodian is submitting an application under the SPP for that beneficial owner; and
- (i) that there are no participating beneficiaries in respect of which the total of the application price for the following exceeds the lesser of NZ\$15,000 or A\$11,800:
  - (i) the Shares applied for by the Custodian on their behalf under the SPP;
  - (ii) any other Shares in the class issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian to apply for Shares on their behalf under an arrangement similar to the SPP.

### **Rounding**

3.6 The Parcels (including those to be issued to Custodians) are subject to rounding (see Part 5 below).

### **Completing the Application Form and paying for Shares**

3.7 If you wish to participate in the SPP, you must complete the Application Form and provide a cheque or money order in accordance with the instructions on the Application Form. Cheques must be drawn on either an Australian or a New Zealand bank account. If the NZ\$:A\$ exchange rate varies such that the dollar amount of Shares you have applied for exceeds the regulatory limit (being the lesser of NZ\$15,000 and A\$15,000), Shares having a total issue price equal to the relevant statutory limit will be issued to you and you will be refunded the excess cash amount.

### **Heritage's discretions regarding applications**

3.8 Heritage has complete discretion to accept or reject your application for Shares under the SPP, including (without limitation) if:

- (a) your Application Form is incorrectly completed or incomplete or otherwise determined by Heritage to be invalid; or

- (b) your cheque is dishonoured or has not been completed correctly; or
- (c) the cheque or money order that you enclose with your Application Form is not made out for the exact amount of the Parcel that you have selected on the Application Form; or
- (d) you are applying for more than the Maximum Subscription Amount (in aggregate) of Shares (except if you are a Custodian applying on behalf of more than one beneficial owner in accordance with clause 3.3); or
- (e) you are applying for Shares as a Custodian on behalf of any beneficial owner under the SPP the total issue price of which is more than the Maximum Subscription Amount; or
- (f) your Application Form is received after the Closing Date. While Heritage has discretion to accept late Application Forms and cheques or money orders, there is no assurance that it will do so. Late Application Forms and cheques or money orders, if not processed, will be returned to you at your registered address; or
- (g) Heritage believes that you are not an Eligible Shareholder; or
- (h) Heritage considers that your application does not comply with these Terms and Conditions.

### **Interest**

3.9 No interest will be paid on any application money returned to you.

### **Significance of sending in an application**

3.10 If you apply to participate in the SPP by completing and returning the Application Form:

- (a) your application, on these Terms and Conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- (b) you certify to Heritage that you are an Eligible Shareholder entitled to apply for Shares under these Terms and Conditions;
- (c) you agree to be bound by the constitution of Heritage;
- (d) you certify to Heritage that you are not applying for Shares with an aggregate application price in excess of the lesser of NZ\$15,000 or A\$11,800 under the SPP (including applications made through a Custodian) even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP and the total issue price of those Shares for which you are applying, if issued, together with the total issue price of all and any other Shares applied for by you under the SPP or any similar arrangement and issued by Heritage to you in the 12 months prior to and including the date of the application for Shares under the SPP will not exceed the lesser of NZ\$15,000 or A\$11,800 (excluding any Shares you may have acquired in that period on the NZSX or ASX or under any rights offer);
- (e) you authorise Heritage (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;
- (f) you acknowledge that Heritage may at any time irrevocably determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (g) you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on Heritage's share register;

- (h) you consent to not being refunded any excess of your application monies over the value of the Shares you are issued due to rounding under Part 5 below;
- (i) you agree to indemnify Heritage for, and to pay to Heritage within five Business Days of demand, any dishonour fees or other costs Heritage may incur in presenting a cheque for payment which is dishonoured;
- (j) you acknowledge that none of Heritage, its advisors or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and subscribe for Shares;
- (k) you acknowledge the risk that the market price for the Shares may change between the Record Date, the date you apply for Shares under the SPP and the Allotment Date;
- (l) you acknowledge that Heritage may disclose any information in or relating to your application and accompanying cheque or money order to Computershare Investor Services Limited and Computershare Investor Services Pty Limited in connection with their management of the SPP;
- (m) you acknowledge that Heritage is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- (n) you irrevocably and unconditionally agree to these Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

If a Custodian applies for Shares for a beneficial owner pursuant to clause 3.3, the certification referred to in clause 3.10(d) will be taken to be given by both the Custodian and the beneficial owner on whose behalf the Custodian is applying for Shares.

#### **4 Issue Price**

You agree to pay the Issue Price per Share up to a maximum of the Parcel you have selected on the Application Form.

#### **5 Rounding of Shares and scaling**

- 5.1 If you apply for Shares under the SPP, the number of Shares you receive will be determined by dividing the value of the Parcel you have applied for by the Issue Price. If this calculation produces a fractional number, the number of Shares you will be allotted will be rounded down to the nearest whole number of Shares.
- 5.2 If the number of Shares you are allotted is rounded down, your application monies will be slightly greater than the value of the Shares you are allotted. The excess amount per application will always be less than the Issue Price for one Share.
- 5.3 The SPP is for a maximum number of Shares of 103,065,956 (being 30% of the 343,553,188 Shares currently on issue). If valid applications are received for a number of Shares which exceeds this number, Heritage may scale applications on a proportionate basis.
- 5.4 Any refunds of application monies (including under paragraph 3.7) will be in made in the same currency as the application and without interest by direct credit to your bank account or by cheque forwarded to you, in each case on or before the Despatch Date.

#### **6 The Shares**

- 6.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights and other entitlements as, existing fully paid Shares quoted on the ASX and the NZSX.

- 6.2 Heritage currently has a policy of not paying dividends and the Directors are unable to predict when any dividend may be paid in the future. This will depend on a number of factors including the future success, profitability and financial position of Heritage.
- 6.3 The Shares to be issued under the SPP have been accepted for quotation on the NZSX, and Heritage will apply for the Shares to be quoted on the ASX, with effect on or shortly after the Allotment Date. You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until official quotation on the ASX and the NZSX in accordance with the Listing Rules. Heritage expects the Shares will commence trading on the ASX and the NZSX on the Trading Day after the Allotment Date (that is, on 16 May 2012 on the current timetable). NZX is a registered exchange, and the NZSX is a registered market, regulated under the Securities Markets Act 1988. Neither NZX nor ASX accepts any responsibility for any statement in this booklet, the SPP Terms and Conditions or in the Application Form.

## **7 Financial Statements**

You may obtain free of charge the most recent annual report and financial statements of Heritage by contacting Heritage, or you may download the reports from the Heritage website [www.heritagegold.co.nz](http://www.heritagegold.co.nz)

## **8 No Underwriting of the Offer**

The SPP is not subject to any underwriting arrangement.

## **9 Amendments to the Offer and waiver of compliance**

- 9.1 Heritage will not change these Terms and Conditions (subject to its discretion to revise the timetable under clause 1.8 and subject to clause 9.2 below). However, Heritage reserves the right to waive compliance with any provision of these Terms and Conditions. If Heritage waives compliance with any provision of these Terms and Conditions, that waiver may, if so expressed, apply to all Eligible Shareholders.
- 9.2 Heritage reserves the right to, in its absolute discretion, modify, suspend, withdraw, terminate or correct the offer and the SPP, at any time. Heritage will notify the NZX and ASX if it does so modify, suspend, withdraw, terminate or correct the offer or the SPP.
- 9.3 Heritage may issue fewer Shares than an Eligible Shareholder applies for under this offer (or none at all) if Heritage believes that issuing those Shares would break any law or rules of any stock exchange on which Heritage Shares are quoted.

## **10 Interpretation of Documents**

In the event of any conflict between these Terms and Conditions (including the Glossary) and the accompanying letter from the Chairman and Questions and Answers and the Application Form, these Terms and Conditions will take precedence.

## **11 Governing Law**

These Terms and Conditions are governed by, and are to be construed in accordance with, the laws of New Zealand.

## **12 Dispute Resolution**

If any dispute arises in connection with the SPP, Heritage may settle it in any manner it thinks fit. It may do so generally or in relation to any particular participant, application or Shares. Heritage's decision will be final and binding.

**13 Inconsistency**

Unless otherwise determined by the directors of Heritage, in the event of any inconsistency between the terms and conditions of the SPP and Heritage’s constitution, Heritage’s constitution shall prevail.

## GLOSSARY

<b>Allotment Date</b>	By 16 May 2012, unless extended.
<b>Application Form</b>	The personalised application form relating to the SPP that you received with this booklet, including the instructions on the reverse of the form.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
<b>Business Day</b>	A business day as defined in the Listing Rules.
<b>Closing Date</b>	9 May 2012, unless extended.
<b>Custodian</b>	<p>Custodian means a person that:</p> <ul style="list-style-type: none"> <li>a. is a trustee corporation or a nominee company and holds Shares by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or</li> <li>b. otherwise holds Shares by reason only that the person is a bare trustee of a trust to which the Shares are subject, and</li> </ul> <p>is permitted to operate as a custodian under all relevant laws. In the case of custodians that have a registered address in Australia, the custodian must:</p> <ul style="list-style-type: none"> <li>i. hold an Australian financial services licence that covers the provision of a custodial or depositary service or includes a condition requiring the holder to comply with the requirements of ASIC Class Order [CO2/294]; or</li> <li>ii. be exempt under paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 or ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184], from the requirement to hold an Australia financial services licence for the provision of a custodial or depositary service.</li> </ul>
<b>Despatch Date</b>	On or around 18 May 2012, unless extended.
<b>Eligible Shareholder</b>	A person who, at 7pm (NZ time) on the Record Date, was recorded in Heritage's share register as being a registered holder of Shares and having an address in New Zealand or Australia, unless that person holds Shares on behalf of another person who resides outside New Zealand or Australia. For the avoidance of doubt, no U.S. person (as defined in Regulation S under the US Securities Act of 1933) will be regarded as an Eligible Shareholder.
<b>Issue Price</b>	NZ 1.9 cents or A 1.5 cents per Share
<b>Heritage</b>	Heritage Gold NZ Limited (ARBN 009 474 702).
<b>Listing Rules</b>	The listing rules of the NZSX and the ASX, as the context requires.

<b>Maximum Subscription Amount</b>	The maximum aggregate dollar amount of Shares, at the Issue Price, that you may apply for under the SPP, being NZ\$15,000 (A\$11,800) as amended under paragraph 3.7.
<b>NZX</b>	NZX Limited
<b>NZSX</b>	The main board equity security market operated by NZX.
<b>Offer Date</b>	11 April 2012.
<b>Opening Date</b>	11 April 2012
<b>Parcel</b>	The value of the parcel of Shares that you apply for, which may be NZ\$1,000 (A\$1,180) or multiples thereof up to the Maximum Subscription Amount, in each case at the Issue Price per Share. Accordingly, the minimum subscription amount under the offer is one Parcel of Shares.
<b>Record Date</b>	10 April 2012.
<b>Shares</b>	Fully paid ordinary shares of Heritage.
<b>Shareholder</b>	A registered holder of Shares.
<b>SPP</b>	The Share Purchase Plan detailed in this booklet.
<b>Trading Day</b>	A full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt, on the ASX and the NZSX. A day on which the ASX or NZSX is closed or on which trading on the ASX or the NZSX is suspended is not a Trading Day.

## **DIRECTORY**

### **Registered Office**

Heritage Gold NZ Limited  
541 Parnell Road  
Parnell  
Auckland, New Zealand  
[www.heritagegold.co.nz](http://www.heritagegold.co.nz)

### **Share Registry**

Computershare Investor Services Limited  
159 Hurstmere Road, Takapuna,  
Private Bag 92119  
Auckland 1142, **New Zealand**

Computershare Investor Services Pty  
Limited  
GPO Box 3329  
Melbourne  
Victoria 8060, **Australia**

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