

## Appendix 5B

## Mining exploration entity quarterly report

Name of entity

HERITAGE GOLD NZ LIMITED

ABN

009 474 702

Quarter ended ("current quarter")

30 SEPTEMBER 2007

**Consolidated statement of cash flows**

		Current quarter	Year to date 6 months)
		\$NZ	\$NZ
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	Nil	Nil
1.2	Payments for (a) exploration and evaluation	(269,793)	(659,539)
	(b) development	Nil	Nil
	(c) production	Nil	Nil
	(d) administration	(211,224)	(436,881)
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	21,335	42,576
1.5	Interest and other costs of finance paid	Nil	Nil
1.6	Income taxes paid	Nil	Nil
1.7	Other (provide details if material) Bad debt recovered	Nil	Nil
	<b>Net Operating Cash Flows</b>	<b>(459,682)</b>	<b>(1,053,844)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects	Nil	Nil
	(b)equity investments	Nil	Nil
	(c) other fixed assets	(283)	(283)
1.9	Proceeds from sale of: (a)prospects	Nil	Nil
	(b)equity investments	Nil	Nil
	(c)other fixed assets	Nil	Nil
1.10	Loans to other entities	Nil	Nil
1.11	Loans repaid by other entities	Nil	Nil
1.12	Other (provide details if material)	Nil	Nil
	<b>Net investing cash flows</b>	<b>(283)</b>	<b>(283)</b>
1.13	Total operating and investing cash flows	(459,965)	(1,054,127)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	40,365	1,067,626
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	Nil	Nil
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
	<b>Net financing cash flows</b>	<b>40,365</b>	<b>1,067,626</b>
	<b>Net increase (decrease) in cash held</b>	<b>(419,600)</b>	<b>13,499</b>
1.20	Cash at beginning of quarter/year to date	1,221,140	787,314
1.21	Exchange rate adjustments to item 1.20	(382)	345
1.22	<b>Cash at end of quarter</b>	<b>801,158</b>	<b>801,158</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$NZ
1.23	Aggregate amount of payments to the parties included in item 1.2	22,500
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment to associated companies for consulting services - Up Minister Ltd	22,500

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$NZ	Amount used \$NZ
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

**Estimated cash outflows for next quarter**

		\$NZ
4.1	Exploration and evaluation	160,000
4.2	Development	Nil
	<b>Total</b>	<b>160,000</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$NZ	Previous quarter \$NZ
5.1	Cash on hand and at bank	2,581	178,959
5.2	Deposits at call & Term Deposits	702,577	946,181
5.3	Bank overdraft	Nil	Nil
5.4	Other (provide details) – Bond	96,000	96,000
	<b>Total: cash at end of quarter (item 1.22)</b>	<b>801,158</b>	<b>1,221,140</b>

**Changes in interests in mining tenements**

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Surrendered	None			
6.2	Interests in mining tenements acquired or increased	None			

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference *securities</b> (description)	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	<b>*Ordinary securities</b>	38,623,000	38,623,000	25c	25c
		10,000,000	10,000,000	3.8c	3.8c
		20,000,000	20,000,000	5.9c	5.9c
		5,000,000	5,000,000	10c	10c
		186,400	186,400	25c	25c
		1,000,000	1,000,000	5.5c	5.5c
		7,200,000	7,200,000	5c	5c
		12,000,000	12,000,000	AUD 8c	AUD 8c
		14,000,000	14,000,000	AUD 8c	AUD 8c
		16,666	16,666	9c	9c
		33,333	33,333	9c	9c
		23,500,000	23,500,000	5c	5c
		23,333	23,333	8.5c	8.5c
		16,667,000	16,667,000	AUD 2.5c	AUD 2.5c
		24,420,201	24,420,201	2.9c	2.9c
		5,250,936	5,250,936	2.9c	2.9c
		7,391,296	7,391,296	2.9c	2.9c
		5,556	5,556	8.3c	8.3c
		8,500,000	8,500,000	AUD 3.5c	AUD 3.5c
		10,000	10,000	10c	10c
		2,500,000	2,500,000	AUD 3.5c	AUD 3.5c
		11,500,000	11,500,000	AUD 3.5c	AUD 3.5c
		5,725,184	5,725,184	8.3c	8.3c
		<u>213,552,905</u>	<u>213,552,905</u>		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil Nil		
7.5	<b>*Convertible debt securities</b> (description)	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A		

7.7	<b>Options</b>			Exercise price	Expiry date
	– Not quoted (not transferable)	3,600,000	Not quoted	8c	20/11/07
	– Not quoted (not transferable)	3,600,000	Not quoted	12c	20/11/08
		7,200,000			
	– Not quoted	3,000,000	Not quoted	AU 3.5c	13/4/09
	– Not quoted	3,000,000	Not quoted	9 cents	7/9/11
	– Not quoted	3,000,000	Not quoted	12 cents	7/9/12
	– Not quoted	2,000,000	Not quoted	16 cents	7/9/13
	– Quoted	23,490,000	23,490,000	10c	30/9/08
	<b>Warrants</b>	Nil	Nil		
7.8	Issued during quarter - Options	3,000,000	Not quoted	9 cents	7/9/11
		3,000,000	Not quoted	12 cents	7/9/12
		2,000,000	Not quoted	16 cents	7/9/13
7.9	Converted to FPS during quarter Options	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	<b>Debentures (totals only)</b>	Nil	Nil		
7.12	<b>Unsecured notes (totals only)</b>	Nil	Nil		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to NSX.
- 2 This statement does ~~does not~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2007

(~~Director~~/Company secretary)

Print name:

Sue Sangster

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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