APPENDIX 11 (Rule10.10.4)

# QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

HERITAGE GOLD NZ LIMITED

**(Name of Mining Issuer)**

## For Quarter ended 30 June 2009

(referred to in this Quarter as the "Current Quarter")

Quarterly Report of Consolidated Cash Flows in accordance with Listing Rule 10.10.4. These figures are based on accounts which are *unaudited. If these figures are based on audited accounts, a statement is required of any material qualification made by the auditor. The Mining Issuer *has a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

| | Current Quarter $NZ | Year to Date (3 Months) $NZ |
|---|---|---|
| **1. CASH FLOWS RELATING TO OPERATING ACTIVITIES** | | |
| (a) Receipts from product sales and related debtors | Nil | Nil |
| (b) Payments for exploration and evaluation | (73,084) | (73,084) |
| for development | Nil | Nil |
| for production | Nil | Nil |
| for administration | (68,572) | (68,572) |
| (c) Dividends received | Nil | Nil |
| (d) Interest and other items of a similar nature received | 4,766 | 4,766 |
| (e) Interest and other costs of finance paid | Nil | Nil |
| (f) Income taxes paid | Nil | Nil |
| (g) Other (provide details if material) Bad debt recovered | Nil | Nil |
| **(h) NET OPERATING CASH FLOWS** | (136,890) | (136,890) |
| **2. CASH FLOWS RELATED TO INVESTING ACTIVITIES** | | |
| (a) Cash paid for purchases of prospects | Nil | Nil |
| equity investments | Nil | Nil |
| other fixed assets | Nil | Nil |
| (b) Cash proceeds from sale of prospects | Nil | Nil |
| equity investments | 119 | 119 |
| other fixed assets | Nil | Nil |
| (c) Loans to other entities | (18,759) | (18,759) |
| (d) Loans repaid by other entities | Nil | Nil |
| (e) Other (provide details if material) | Nil | Nil |
| **(f) NET INVESTING CASH FLOWS** | (18,640) | (18,640) |
| **3. CASH FLOWS RELATED TO FINANCING ACTIVITIES** | | |
| (a) Cash proceeds from issues of shares, options, etc | Nil | Nil |
| (b) Proceeds from sale of forfeited shares | Nil | Nil |
| (c) Borrowings | Nil | Nil |
| (d) Repayments of borrowings | Nil | Nil |
| (e) Dividends paid | Nil | Nil |
| (f) Other (provide details if material) | Nil | Nil |
| **(g) NET FINANCING CASH FLOWS** | Nil | Nil |
| **4. (a) *NET INCREASE (DECREASE) IN CASH HELD** | (155,530) | (155,530) |
| (b) Cash at beginning of quarter/year to date | 807,114 | 807,114 |
| (c) Exchange rate adjustments to Item 4(a) above | 6,309 | 6,309 |
| **(d) CASH AT END OF QUARTER** | 657,893 | 657,893 |

**5. NON-CASH FINANCING AND INVESTING ACTIVITIES**

(a) Provide details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

Nil…………………………………………………………………………………………………………………………………….

(b) Provide details of outlays made by other entities to establish or increase their shares in projects in which the reporting entity has an interest.

Nil…………………………………………………………………………………………………………………………………….

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**6. FINANCING FACILITIES AVAILABLE**

| Provide details of used and unused loan facilities and credit standby arrangements, adding such notes as are necessary for an understanding of the position. | Amount Available $NZ | Amount Used $NZ |
|---|---|---|
| N/A……………………………………………… | | |
| ……………………………………………… | | |
| ……………………………………………… | | |

| **7. ESTIMATED OUTLAYS FOR SPECIFIED QUARTERS** | Current Quarter# $NZ | Following Quarter $NZ |
|---|---|---|
| (a) Exploration and evaluation | 60,000 | 85,000 |
| (b) Development | Nil | Nil |
| **TOTAL** | 60,000 | 85,000 |

\# The outlays to be shown in this column are the estimates made for this quarter in the previous quarterly report. Where these estimates differ by more than 15% from the actual outlays reported in Item 1(b) of this report, provide an explanation of the reason(s) for these differences as an attachment to this report – see Annexure 1.

**8. RECONCILIATION OF CASH**

For the purposes of this statement of cash flows, cash includes

Petty cash, WestpacTrust cheque account and NAB Australian dollar cheque account

| Cash at the end of the quarter as shown in the statement of cash flows is reconciled to the related items in the amounts as follows: | Current Quarter $NZ | Previous Quarter $NZ |
|---|---|---|
| Cash on hand and at bank | 379,567 | 391,081 |
| Deposits at call and Term Deposits | 193,326 | 331,033 |
| Bank overdraft | Nil | Nil |
| Other (provide details) - Bond | 85,000 | 85,000 |
| | | |
| TOTAL = CASH AT END OF QUARTER [Items 4(d)/4(b)] | 657,893 | 807,114 |

**9. CHANGES IN INTERESTS IN MINING TENEMENTS**

| | Tenement Reference | Nature of Interest | Interest at Beginning of Quarter | Interest at End of Quarter |
|---|---|---|---|---|
| (a) Interests in mining tenements relinquished, reduced and/or lapsed | Waihi North EP 40-346 | Exploration Licence | 100% | Nil |
| (b) Interests in mining tenements acquired and/or increased | None | | | |

(c) Where changes are reported in (a) and/or (b), an amended list of interests in mining tenements is to be attached to this statement.

**10. ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER**

| Category of Securities | Number Issued | Number Quoted | Paid-Up Value Cents |
|---|---|---|---|
| PREFERENCE SHARES | Nil | Nil | |
| #(DESCRIPTION) | | | |
| ORDINARY SHARES | 38,623,000 | 38,623,000 | 25c |
| | 10,000,000 | 10,000,000 | 3.8c |
| | 20,000,000 | 20,000,000 | 5.9c |
| | 5,000,000 | 5,000,000 | 10c |
| | 186,400 | 186,400 | 25c |
| | 1,000,000 | 1,000,000 | 5.5c |
| | 7,200,000 | 7,200,000 | 5c |
| | 12,000,000 | 12,000,000 | AUD 8c |
| | 14,000,000 | 14,000,000 | AUD 8c |
| | 16,666 | 16,000 | 9c |
| | 33,333 | 33,333 | 9c |
| | 23,500,000 | 23,500,000 | 5c |
| | 23,333 | 23,333 | 8.5c |
| | 16,667,000 | 16,667,000 | AUD 2.5c |
| | 24,420,201 | 24,420,201 | 2.9c |
| | 5,250,936 | 5,250,936 | 2.9c |
| | 7,391,296 | 7,391,296 | 2.9c |
| | 5,556 | 5,556 | 8.3c |
| | 8,500,000 | 8,500,000 | AUD 3.5c |
| | 10,000 | 10,000 | 10c |
| | 2,500,000 | 2,500,000 | AUD 3.5c |
| | 11,500,000 | 11,500,000 | AU 3.5c |
| | 5,725,184 | 5,725,184 | 8.3c |
| | 53,814,303 | 53,814,303 | AU 4.5c |
| | 9,000,000 | 9,000,000 | AU 4.5c |
| | 2,500,000 | 2,500,000 | AU 3.5c |
| | 8,836,112 | 8,836,112 | AU 4.5c |
| | 287,703,320 | 287,703,320 | |
| Issued during current quarter: | Nil | Nil | |
| CONVERTIBLE NOTES: | Nil | Nil | |
| Issued during current quarter | Nil | Nil | |

| | | | Exercise Price | Expiry Date |
|---|---|---|---|---|
| OPTIONS: | | | | |
| Not quoted and are not transferable | 3,000,000<br>3,000,000 | Not quoted<br>Not quoted | AU 3.5 cents<br>9 cents | 13/4/09<br>22/12/09 |
| Quoted | 35,825,129 | 35,825,129 | AU 8 cents | 20/11/09 |
| Issued during current quarter | | | | |
| WARRANTS: | Nil | Nil | | |
| DEBENTURES – totals only: | Nil | Nil | | |
| UNSECURED NOTES – totals only: | Nil | Nil | | |

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

**Sue Sangster (Company Secretary)** **30 July 2009**

(Signed by) Authorised Officer of Listed Issuer (Date)

Annexure 1:

Expenses were over budget for the quarter due to change in timing of tenement expenditure relating to the previous quarter