

## **Chairman's Address – Annual General Meeting (11 August 2005)**

Over the past year Heritage has continued its strategy to advance the development of its gold projects in the Waihi district – particularly the Talisman Mine at Karangahake, where resources almost doubled to 205,000oz gold and 800,000oz silver (JORC compliant).

We are planning a metallurgical sampling programme and further underground drilling at the Talisman Mine. The metallurgical sampling is designed to produce bulk samples for toll processing, subject to the completion of permitting and commercial agreements. Preliminary discussions have been held with Newmont regarding treatment of Talisman ore at the Waihi treatment plant.

Heritage is co-funding, with a Government R&D funding agency, geological and geophysical research at Talisman to assist our understanding of the nature and controls of the high grade mineralisation. The research work is undertaken and managed by the Geology Department at the University of Auckland.

The Company has recently donated two samples of bonanza gold ore from the Talisman No. 8 level to the national museum, Te Papa, in Wellington. These will be displayed in a nationwide exhibition on precious metals later this year.

Increased exploration activity is planned at Rahu, Waihi North and Golden Valley where we have had excellent results. This work will involve drilling aimed at defining the gold resources at Rahu and the testing of other targets that lie to the north and east of Newmont's Waihi operations.

Compliance with the requirements of local authorities and good relationships with them and local landowners are an important part of our operations. In this area we have had good feedback over the past year.

The environmental impact of our work is regularly monitored and I'm happy to report we have met those requirements.

Public visits to the Talisman Mine have been extremely popular and well reported by the media. In addition, support from the local community for our field operations has been most encouraging.

Listing of our shares on the Stock Exchange of Newcastle was granted in October 2004. Our shares are also listed on the NZ and Australian Stock Exchanges. The Directors believe the extra cost is offset by the benefits of exposure to all three markets.

We anticipate an exciting year ahead as we continue to work toward gold production at Talisman, along with further development of gold projects at Waihi North, Golden Valley, Dominion Knoll, and Rahu in New Zealand, and our cobalt interests near Broken Hill in New South Wales.

Pat Elliott

Chairman

**Heritage Gold NZ Limited**

**Disclosure:** The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Murray Stevens and Graeme Fulton who are Members or Fellows of the Australasian Institute of Mining and Metallurgy.

Murray Stevens and Graeme Fulton are self-employed.

Murray Stevens and Graeme Fulton have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' and Murray Stevens and Graeme Fulton consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.