

## **Heritage Gold Annual Meeting**

**Auckland 29 September 2006**

### **Chairman's Address**

It is my pleasure on behalf of all of the Directors of the Company to welcome you to the Annual Meeting of shareholders. For those of you who don't know me I am Murray McKee, Chair of the Board and a director since 1996.

With me here is Peter Atkinson, managing director. Our other three directors Geoff Hill, David Williams and Ralph Stagg tender their apologies but wish me to express their appreciation of the ongoing support of shareholders. In short we are pleased to see you all here this morning.

Since balance date the company has announced a very significant shift in strategic direction. It is progressively implementing the new direction and after the formal part of the meeting is closed we intend to offer shareholders a presentation which will set out in more detail directors' plans for the company and its exploration properties.

In a sense this Annual Meeting marks a very significant milestone in the history of the company. Over the last four or five years the Company has carefully explored a group of exploration properties we refer to collectively as the Karangahake Project. A JORC compliant resource in excess of 200,000 oz of gold and 800,000 oz of silver has been established at a very low cost. Other geophysical and geochemical research in the project area has indicated the potential is much greater.

The issue for directors was how to best take this project forward in a way that enhanced shareholder value to the maximum.

A key question was should Heritage take the project forward to full scale development inside the current structure. Or would some other structure offer shareholders greater value? A careful review of the company's core competencies suggested that Heritage's strengths lay further up the value chain – in the prospecting and initial resource identification phases. Instead your directors agreed that the best way forward lay in a tightly focused separate board and a management team with proven ability to take an identified gold resource through the evaluation stages and development beyond that. Many of the preliminary steps to progress that strategy are in place and I trust you will find the presentations after the meeting informative and instructive in that regard.

Of course Heritage itself will retain a stake in the new company so Heritage shareholders will still have an exposure to the upside potential represented in the Karangahake project. And Heritage will turn its attention to extracting

value out of its position in a cobalt play in New South Wales and a programme to identify the first targets in its large Northland prospecting permits.

I would also like to comment briefly on the external context in which this development will go forward. For many years the NZ investment market was not receptive to gold prospecting and exploration opportunities. The price of gold and the unsympathetic attitudes of central and local government regarding resource development served to discourage all but the most patient and persistent explorers.

How times have changed. The two large mature gold companies operating in NZ have renewed and expanded their resource bases, and at last count three or four other juniors all with credible stories and programmes are signalling their intention to come to the market for exploration funds.

Heritage as the sole listed junior mining company on the NZ board for many years welcomes this upsurge in interest in the industry. As Peter Atkinson will attest it's been a lonely existence. The renewed interest will make for a more vigorous sector and lead to a better understanding of the risk and potential rewards in gold exploration in New Zealand.

On behalf of directors I thank you again for your continued support of the company. I trust you find the presentations informative and that both Heritage and the company formed to take the Karangahake Project forward will enjoy your support into the future.