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15 September 2011

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2011 ANNUAL MEETING

CHAIRMAN'S ADDRESS

Progress over the last 12 months has been a mixed bag.

The price of gold in New Zealand dollar terms has risen over 33% or NZ\$561 to NZ\$2,200 (US\$1,820) an ounce. Frustratingly, over the same period our share price was essentially steady (NZ 2.3 cents).

During the year our flagship Talisman gold project has been the focus of our efforts.

TALISMAN MINE

With the assistance of our advisors Campbell MacPherson we sought to joint-venture the mining and development of our Talisman gold resource which contains over 200,000 ounces of gold equivalent. We remain in discussions, the outcome of which should be known shortly.

Heritage is in the process of updating the internal scoping study to reflect changes in the gold price and costs, and to assess mining and treatment options either with a joint venture partner or on our own. We plan to engage independent mining engineering advisors to complete this analysis over the next three months.

Preliminary exploration has been undertaken at Taukani Hill which is located across a small valley from Talisman. This follows up on previous exploration which returned rock outcrops containing up to 239 and 345 grams per tonne of gold, as reported. Our recent results have been highly encouraging in this extension of the Talisman vein system.

We have continued the process of determining the steps for approval for the establishment of a mine.

RAHU

We recently announced the results of a state of the art geophysical survey which has indicated a mineralised system at depth. We have made application for the extension of the permit.

PAPUA NEW GUINEA

We have identified Papua New Guinea as having significant potential for large epithermal gold deposits. Over the last 12 months the executive director, Peter Atkinson, and I have separately visited PNG to identify suitable local partners and to target areas of interest.

With the support of a local group of landowners we have indicated our interest to the Minister for Mining in an area in the Eastern Highlands where previous exploration identified significant potential for gold deposits. We intend to seek further opportunities over the next 12 months.

BROKEN HILL PROSPECTING LTD

An important achievement this year has been the listing of our associate company Broken Hill Prospecting Limited on the Australian Stock Exchange, where we raised approximately A\$4.5 million in what was a difficult market period.

Heritage converted its interest in these projects to 17,929,000 shares equal to 21.71 percent of the capital. The ASX current market price of 8.2 cents gives a market value of A\$1.47M.

Both Peter Atkinson and myself are on the board of Broken Hill Prospecting as is Ian Pringle, BHPL's Managing Director, who I welcome here today.

BHPL commenced a drilling program to extend its cobalt resources (15Mt of 2.1 lbs per tonne cobalt). This work is seeking to extend the known area of cobalt mineralisation at depth and along trend and assay results from the drilling are expected in the next few weeks.

Fortunately Heritage possesses dedicated management and reasonable financial resources for a junior explorer. We are seeking to add to this capability with the appointment of a mining project engineer.

Our primary focus in 2011-2012 will be to resource and undertake the development of our Talisman gold mine. The economics of this project have improved significantly with the improving price of gold over the last 12 months.

Geoffrey G Hill
Chairman
15 September 2011