



ASX ANNOUNCEMENT

24 MAY 2012

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Fellow shareholders

Your Company maintained its focus on gold exploration in Indonesia throughout the course of 2011, with encouraging results at Trenggalek in East Java. However, towards the end of the year we suffered a major setback at the Bima project which substantially undermined the value of our efforts.

Bima has already been extensively covered and there is little point in going over old ground other than to confirm that the events there were ones with which we were not involved, a fact accepted by the Indonesian government which investigated the situation thoroughly.

Nonetheless, it did see our compliant licence cancelled. Unfortunate as this is, we have had to move on.

We remain committed to our projects in Trenggalek and in Papua. Both have great potential. Our challenge is to see how we best exploit these opportunities in a way that sees our significant cash holdings used optimally. We have taken steps to reduce our cash burn rate and are being very prudent with our funds.

In this respect we have strengthened our relationship with Anglo American and this week announced that we have entered into a services agreement with Anglo where we provide geological evaluations and technical staff for a fee. We are pleased that a company of Anglo's stature recognises the skills ARX has and the contribution it can make.

We believe that this will see a much closer working relationship with Anglo over time which will be to Anglo's benefit and also to ours.

I might add that our 20% interest in the Strategic Alliance with Anglo American to explore for copper-gold deposits in Papua and West Papua Provinces has tripled in area over the past year and now holds exploration permits covering nearly 3,000 km² of highly prospective ground in the region which also hosts Grasberg - Indonesia's largest porphyry copper-gold deposit. This is significant.

Notwithstanding the disappointments of 2011, we are in a relatively strong cash position. We are examining new opportunities both in Indonesia and elsewhere to spread our project and country risk. We have looked at a number of projects but as yet have not found any that both meet our technical criteria and terms we consider commercially sensible. Funding in the market is tight and we are one of the few companies with available cash to invest or co-invest in suitable projects.

Going forward, we are determined to ensure that the Company's financial resources are conserved and deployed to add maximum value for shareholders. As matters unfold, shareholders will be fully informed.

Thank you.

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