



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING – 31 MAY 2007

Fellow shareholders, the last year has been an eventful one for our Company. This time last year we were looking to be producing gold at Cibaliung by today's date. Instead we have had to deal with a number of issues in relation to the Cibaliung project. After the formal part of the meeting is over we will be having a number of presentations on aspects of Cibaliung—what happened of course, but more importantly, where we are now. Any technical questions you may have can be answered by our Chief Operating Officer, Hermani Soeprapto who you may know is a mining engineer of vast experience and until he joined us, was responsible for the huge Grasberg gold and copper mine in Papua. And our chief geologist Brad Wake will be presenting on the real progress we have made on exploration.

We have been working for a number of months to satisfy conditions precedent to drawdown under the terms sheet we entered into with South East Asian Strategic Assets Fund or SEASAF of Singapore. We have addressed a number of the issues and one of them, shareholder approval, is on the notice paper for our meeting today. It is appropriate that we consider and pass this resolution.

Our discussions with SEASAF, their advisors and ours continue on issues such as project economics and particularly in relation to satisfying their internal hurdle rates. These discussions will continue and from the ARX perspective we will press on and seek to satisfy the conditions precedent to drawdown as soon as we can.

The Listing Rules of the Australian Stock Exchange have a one month limit for approvals of the sort to be considered today. If we do not meet that deadline, then we will address the issue at the time. What we can say is that the convertible notes will not be issued within the 7 days contemplated in the explanatory material sent to shareholders.

We are currently reliant upon and remain committed to SEASAF's timely participation to pursue our corporate program at Cibaliung and absent it, or absent it in a timely fashion, we have to consider other approaches and sources of funding.

Whatever the outcome of our discussions with SEASAF, you can be assured that we will press on to seek the best outcome for our stakeholders under all circumstances.

There nothing further I can say on this issue at this time and when there is something to report, shareholders will be informed.

But having made those points, I would like to move on to other issues which while not as important as funding would still be of interest to us here today. And all of what follows as to future plans is dependent upon new funding being secured.

While the presentations will go into more detail, the core issues faced by us at Cibaliung related to the original contractor not advancing the decline at anything like an acceptable rate and then, to compound matters, what had been achieved was nullified when the roof fell in. We have since abandoned that portal. And parted company with the contractor.

And of course we cannot forget that mining booms generate massive demands for labour and equipment. Everything goes up – particularly engineering and construction costs. We have not escaped this.

There is nothing to be gained by seeking to apportion blame on what has gone on before. There are usually many sides to each story. Most importantly I am one to look forward not back other than for us to learn from past errors and seek not to repeat them.

So what have we done? Well as you know we have appointed Mr. Hermani Soeprapto as COO. Hermani comes to us from a 30 year career with the Freeport-MacMoran group. You will hear from him directly later.

We have strengthened the team at Cibaliung by appointing Mr. David Pelchin, a mining engineer of over 25 years experience to take charge of the decline development and contribute his experience to the ongoing operations at Cibaliung. David started with us in April and is full time on site.

We have had extensive discussions with Redpath Mining, a major Canadian tunnelling contractor which does a lot of work at Grasberg to assist in our project. When we get funding for Cibaliung we propose to contract with them to work with us in the development of our new decline. We are employing Drill and Blast as the principal method of proceeding and as you will see later we have had success with it on the work done to date.

The new mining plan has been revised and reviewed by a range of consultants. It sees us access ore earlier than the original plan albeit at lower grades. However, this will enable us to generate some cash and also get our processing plant working to optimal levels.

We have put expenditure on hold in order to conserve cash. This meant demobilizing contractors engaged in the construction of the processing plant. However, if funding is available we can soon get this back underway—it's nearly 85% complete as it stands—and have it operational in time to mill the first ore.

Upon funding being secured, we propose to appoint Redpath to assist us with the decline and we have been strengthening the management team. Our exploration shows promise. Of that, more later.

We still need to secure a CEO. The present situation where the company is run directly by its board and senior management cannot continue indefinitely. We remain actively looking for a suitable person. I stress, we must find the right person for this role to deal with the Company's issues and advance its interests.

So in looking to the year ahead I want to make the following points:

- We are working on the basis of settling new funding to enable us to pursue our program at Cibaliung and elsewhere in the context of:
 - Our having the situation at Cibaliung under control and being ready to proceed
 - Our moving to pour gold in calendar 2007
 - Promising results at Trenggalek

- A move to producer status re-rating the Company as a producer with good exploration prospects
- We are pressing on with our negotiations and discussions on funding. A number of issues remain and we are working to resolve these as expeditiously as possible.

Austindo has many fine assets. The Cibaliung project is largely complete, and our exploration has revealed promising results. We should not forget that. Much has been achieved but it is a fact that we need funding to finish the job.

You can be assured that your Board will continue to seek outcomes as favourable to all as circumstances permit.

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ABOUT AUSTINDO RESOURCES CORPORATION NL (ARX)

Formed in 1983, Austindo Resources Corporation NL is an Australian listed gold company focused on developing projects in Indonesia. The company's key project is Cibaliung, a high-grade epithermal gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Cibaliung is expected to produce at an annual rate of 70,000 oz. (gold equivalent).

Two key strategic alliances in Indonesia are taking Austindo closer to achieving its growth objective. In association with Anglo American Group, the Company is exploring for large porphyry copper/gold deposits in Papua. In addition the Company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Pekalongan and Trenggalek tenements located in Central and East Java respectively, areas prospective for low sulphidation epithermal gold/silver deposits similar to the Cibaliung project.

BOARD OF DIRECTORS

Bruce Watson – Chairman

George Tahija – Non-Executive Director

John Carlile – Non-Executive Director

Christopher Melloy – Non-Executive Director

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