



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING – 20 MAY 2008

The last year has been a challenging one for our Company. We have faced many issues with our project at Cibaliung including delays, poor ground conditions, industry wide cost increases and difficulties in funding the mine through to completion.

Nevertheless, we have made real progress on site with, as I speak, only 65 meters to drive to the first ore panel and about three month's worth of work to complete the processing plant. Work on the tailings dam and other site infrastructure is also underway.

To complete the project and continue operations requires funding and material funding at that. During the year and up to date this year we raised A\$39.2 million and around 50% of our debt was capitalized: however in the order of US\$35m is still required to complete the project and become cash flow positive.

To procure the funding we needed, we approached various financial intermediaries and industry participants both in and out of Australia. This resulted in our announcement of last week whereby East Asia Minerals of Canada has agreed, subject to conditions being satisfied, to farm into Cibaliung providing US\$35m and also to assume responsibility for the project's debt in exchange for a 72% interest. At the end of this process we expect to retain in the order of 23% of a completed Cibaliung Project.

Despite the difficulties encountered in bringing Cibaliung into production this is a relatively positive outcome for Austindo in the circumstances.

Today marks a new beginning for our Company. With the East Asia transaction we retain a significant share in a producing gold mine and are freed up to undertake what we do best, namely exploration in Indonesia. Our company has had some great successes in this area and going forward we are going to concentrate on these strengths.

We are now focusing on the future. In order to highlight the new direction for our company, a new name is proposed. Arc Exploration Limited reflects our focus on Indonesia – and in particular on exploration for high-grade gold-silver and bulk tonnage deposits along the highly prospective Indonesian magmatic arcs. In January this year we appointed John Carlile as Managing Director and Cahyono Halim as Chief Financial Officer. Both bring immense experience to our Company.

We are dropping the NL status and becoming a public limited company. Furthermore, we are consolidating our shares so that we will have approximately 150 million shares on issue rather than an unmanageable 7.5 billion. These steps are part of a re-launching of the Company to reshape and reflect our future direction.

We have valuable properties at Trenggalek and Pekalongan and long standing relations with companies like PT Aneka Tambang and Anglo American. As Arc Exploration we will focus on these assets and on securing new opportunities.

We are confident that in time Cibaliung will be seen as a valuable asset and we expect to participate in the further growth of that asset as exploration success is achieved.

I would also like to take this opportunity to thank all stakeholders in ARX for their patience. It has not been an easy road and particularly for employees it has been an uncertain time. I would also like to thank all of those, including interests associated with each board member and other members of the senior management team, who stepped up and supported the Company financially when asked to do so.

Finally, we look forward to your continued support of Arc Exploration Limited and its future as a focused exploration company.

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ABOUT AUSTINDO RESOURCES CORPORATION NL (ARX)

Formed in 1983, Austindo Resources Corporation NL is an Australian listed exploration company focused on exploring Indonesia. The Company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Trenggalek and Pekalongan and tenements located in East and Central Java respectively, areas prospective for low sulphidation epithermal gold/silver deposits.

In addition the Company has a strategic alliance in Indonesia with the Anglo American Group which is exploring for large porphyry copper/gold deposits in Papua.

The company's also retains an interest in the Cibaliung Gold Project, a high-grade epithermal gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Cibaliung is expected to produce at an overall annual rate of 70,000 oz (gold equivalent).

BOARD OF DIRECTORS

Bruce Watson – Chairman

George Tahija – Non-Executive Director

John Carlile – Non-Executive Director

www.austindoresources.com.au