



ASX ANNOUNCEMENT

21 MAY 2009

**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING**

At our last Annual General Meeting we had just passed through the low point for the Australian Stock Market following the GFC. At that time I pointed out that it was important for us to face the future with a confident outlook in the knowledge that all economic downturns, even the most severe, come to an end. While the markets are still volatile, I believe the worst is behind us.

Improved stock market conditions enabled us to move forward and recapitalise ARX via a placement and rights issue in October 2009. Those that participated in the rights issue had their confidence rewarded with a material uplift in the share price in percentage terms. I would like to express my gratitude to shareholders for this expression of confidence in our business plan going forward.

During the year we completed the transfer of Cibaliung to Antam and then focussed upon obtaining the funds to go forward with our exploration program. We entered into an arrangement with our drilling contractor Maxidrill which sees them take shares in ARX in return for the provision of drilling services at Trenggalek. This sees us conserve cash and truly aligns the driller to the interests of our company.

We have a 5,000 metre drilling program underway at Trenggalek involving drilling in the order of 50 to 60 holes. To date we have drilled around 2,000 metres and have obtained encouraging results with intercepts of up to 17 grams of gold. There is a long way to go in this program and we are hopeful of turning up a discovery of significance, although it must be stressed that all exploration is inherently uncertain and there are no guarantees. Nonetheless, Trenggalek covers around 300 square kilometres and within this area we have selected 6 sites at which to drill, spread throughout the area.

We will continue to keep shareholders fully informed with results compiled in a meaningful way for release to the market.

We also continue on with our projects at Bima and in Papua. Bima has recently returned some very encouraging surface sampling and this work will continue. In Papua we continue to work closely with Anglo American to expand our exploration position.

We are also looking at other areas in which to expand. We maintain dialogues with various parties which we hope, at some point, will crystallize into further areas being added to our exploration portfolio.

A company like ours must focus on what it does best: in our case it is exploration. And in exploring we must conserve our cash and explore where we assess there to

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be greater immediate likelihood of success. Our Trenggalek program is producing solid results and we are only 40% through it. As to what the final outcome from it is, we will have to wait and see. But we remain confident we are on the right track.

As previously foreshadowed, we will need to raise capital to continue to move forward. The options on issue have generally speaking traded in the money since allotment. We hope shareholders will exercise their options when the time comes. However, we will need to raise some additional funds in advance of the final option exercise date and this is likely to occur in the second half of this calendar year. We are looking at the alternatives available to us and as always with ARX you can be assured that you will be kept fully informed.

So in closing, thank you for your support. The position as at May 2010 is far stronger than this time last year. We have raised further funds, cut costs and commenced our exploration program in a manner that sees us preserve cash. Our focussed exploration style is bearing fruit. In the coming year we hope to build upon our initial exploration efforts and be able to report significant exploration success.

We are all working single-mindedly towards this end.

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