



HERALD RESOURCES LIMITED ABN 15 008 672 071

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Companies Announcement Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Via ASX Online

RE: CHAIRMAN'S ADDRESS – ANNUAL GENERAL MEETING

The following address is to be given by our Chairman, Mr Kenneth Farrell, at the Company's Annual General Meeting today.

Yours faithfully
EVAN BALL
Chief Executive Officer

CHAIRMAN'S ADDRESS

The AGM is being held at this time as a result of Herald Resources having obtained ASIC approval to permit Herald Resources to change its financial year end date from 30 June to 31 December, so that its financial year end date is synchronised with that of its ultimate parent company, PT Bumi Resources.

Since the 2008 AGM there has been a number of changes to the board. The resignation of Mr Michael Wright occurred shortly after year end as a result of personal health issues. We are fortunate to be able to have a new non executive director in Mr Andrew Wilson. Mr Wilson commenced his career as a lawyer with Allens Arthur Robinson before becoming the Legal Manager and Company Secretary at BHP Engineering Group, where he then took various commercial and risk management roles. From 2000 until 2007 he was the President Director PT BHP Billiton Indonesia. Mr Wilson has degrees in Commerce, Law and has been a member of the Law Society of NSW since 1986. He is a Fellow of the Australian Institute of Company Directors. Mr Wilson's appointment will bring significant operational and Indonesian country specific experience to the Company and I am confident he will work hard with our existing Directors to assist in maximising the value of our assets going forward.

Over the past six months forestry approvals continued to command the time and resources from the Directors and management of the Company. The legislation required to allow underground mining in a protected forest we believe is before the President of Indonesia for his signature. However we expect that it is unlikely to be signed until after the presidential elections in July this year.

On the 16th of December the Indonesian parliament passed Indonesia's new Law on Mineral and Coal Mining. This law, which has been under deliberation for well in excess of three years, together with the 2007 investment law and the 2007 and 2008 tax laws represents another major regulatory development in Indonesia's investment landscape. As had been suspected the well regarded Contract of Work system will no longer be available under the new law. Instead, both domestic and foreign investors will be able to apply for a form of mining licence. The jury is still out on whether this Law will achieve the stated aims of increasing investment in the mining sector, which has suffered from numerous perceived regulatory weaknesses for a number of years. It will take some time to fully digest the impact of the new law as it will rely heavily on yet to be issued regulations for its implementation. The Indonesian government does not have a good track record for issuing such regulations in a timely manner.

As a result the company has continued to work hard to minimise financial charges otherwise being incurred whilst waiting for the forestry approval and clarification on some issues associated with the new mining legislation. To this effect the company has terminated some of the construction and design contracts and issued staff redundancies.

We continue to work with our major shareholder in Indonesia to keep them up to date with the details of the application of our forestry approval so as to gain their knowledge and political expertise with regards to the complex Indonesian issues surrounding the issuing of the permit. It is important to again reiterate that these complex issues surrounding forestry permits in Indonesia are not specific to the Dairi project. Many companies, large and small, have struggled and continue to struggle with getting a handle on the processes involved in working with the Indonesian Government departments to obtain what they believe they are legally entitled to under their Contracts of Work.

Although the full development of the Dairi project remains delayed as a result of the forestry approval, we continue to make inroads with regards to the advancement towards production. These inroads into planning, procurement, design, exploration, environment, community development, etc have been made due to our ability to maintain a core team of very experienced personnel who at the time the forestry approval is granted will be ready and very eager to get to site on a full time basis and push forward with the development of Dairi. We are extremely fortunate to have such a committed team in our offices in both Australia and Indonesia who continue to support and believe in the project which has been vital to the successful transition of the majority ownership in the Company. Our commitment to fine tuning the project whilst waiting for the forestry approval will result in the timely completion of development and movement into production post the granting of our forestry permit. Management continues to review options for financing the project either through equity or debt.

Finally I would like to thank all of our staff for their tremendous efforts and our shareholders for their continued support and I look forward to the Company achieving its objectives of completing development of the high-grade Dairi project.

KENNETH P FARRELL
Chairman