



## JOINT NEWS RELEASE

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### **ANTAM AND ZHONGJIN ANNOUNCE A JOINT A\$504.8 MILLION RECOMMENDED CASH OFFER FOR HERALD RESOURCES**

PT Antam Tbk ("**Antam**") and Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd. ("**Zhongjin**") today announced a joint cash offer of A\$2.50 per share for the entire issued capital of Herald Resources Limited ("**Herald Resources**"), valuing Herald Resources at A\$504.8 million (US\$448.1 million) ("**Antam / Zhongjin Offer**").

The Board of Herald Resources withdraws their previous recommendation to accept the lower offer of AUD\$2.25 per share of Calipso Investment Pte Ltd ("**Calipso Offer**") and unanimously recommends that Herald Resources shareholders accept the Antam / Zhongjin Offer in the absence of a superior proposal.

The Directors of Herald Resources have also indicated that in the absence of a superior proposal they currently intend to accept the Antam / Zhongjin Offer for their own holdings of Herald Resources shares.

Antam is a state-controlled Indonesian mining group that already holds a 20% interest in Herald Resource's 80%-owned Dairi zinc/lead project in Northern Sumatra, Indonesia.

Zhongjin is a zinc/lead mining and smelting company based in the People's Republic of China ("**China**") and operates the low cost Fankou mine.

The Antam-Zhongjin Offer is A\$0.25 per share (over 11%) higher than the Calipso Offer of A\$2.25 per share and represents a premium of A\$0.236 over the volume weighted average of all Herald Resources shares traded since the announcement of the Calipso Offer.

The Antam-Zhongjin Offer is subject to a number of conditions, including 50.1% minimum acceptance, Foreign Investment Review Board approval and Antam and Zhongjin obtaining necessary shareholder and regulatory approvals. The conditions are outlined in full in Appendix 1 to this announcement.

The President Director of Antam, Dedi Aditya Sumanagara, said: “The joint acquisition of Herald Resources represents an opportunity for Antam to have a majority interest in the Dairi Project and build a strategic partnership with one of China’s leading zinc and lead companies”.

“In view of the recently launched offer for Herald Resources, we believe that the value of the Dairi Project can be best optimised by the expertise of Antam and the introduction of an operating partner, such as Zhongjin, which has demonstrated expertise in zinc and lead mining and the capacity to enter into long-term production off-take arrangements. These factors have enabled us to offer an amount in excess of the valuation range of A\$2.03 – A\$2.39 per share derived by PT Zodiac Perintis Penilai, the independent valuer commissioned by Calipso’s parent, PT BUMI Resources Tbk.”

The President of Zhongjin, Zhang Shuijian, said: “We believe that Zhongjin and Antam have the potential to add significantly to the current value of the Dairi Project”.

“Zhongjin looks forward to working alongside Antam in developing the Dairi Project and building a long and prosperous relationship”.

The Chairman of Herald Resources, Terrence Allen commented that: “We believe that the Antam / Zhongjin Offer represents an excellent outcome for Herald’s shareholders and we will be working with Antam and Zhongjin to ensure that this offer is put to shareholders as expediently as possible”.

The Antam / Zhongjin Offer will be made by way of an off-market takeover bid under the Australian Corporations Act 2001 through a Special Purpose Vehicle (“SPV”) that will be owned by Antam and Zhongjin in the proportions of 40% and 60%, respectively. In the event that the SPV is successful in acquiring 100% of the entire issued capital of Herald Resources, Antam and Zhongjin will hold combined direct and indirect interests in the Dairi Project of 52% and 48%, respectively.

Antam and Zhongjin intend to fund the Antam / Zhongjin Offer through a combination of cash and new and existing debt facilities.

Herald Resources has entered into a Deed of Undertaking with Antam and Zhongjin in relation to the Antam / Zhongjin Offer. This includes a break-fee of A\$5 million payable to Antam and Zhongjin in certain circumstances, including a successful competing takeover proposal.

In addition, Antam has today purchased a total of 21.2 million shares in Herald Resources representing a 10.7% interest in the shares currently on issue.

Further information on Herald Resources, Antam and Zhongjin can be found at the following sources.

| <b>Company</b>   | <b>Overview</b> | <b>Website</b>   |
|------------------|-----------------|--|
| Herald Resources | Appendix 2      | <a href="http://www.herald.net.au">www.herald.net.au</a> |
| Antam            | Appendix 3      | <a href="http://www.antam.com">www.antam.com</a>         |
| Zhongjin         | Appendix 4      | <a href="http://www.nonfemet.com">www.nonfemet.com</a>   |

Euroz Securities Limited is acting as financial adviser to Herald Resources and Blakiston & Crabb is acting as its legal adviser.

Macquarie Capital Advisers is acting as sole financial adviser to Antam and Zhongjin and Blake Dawson is acting as their Australian legal adviser.

For further information please contact:

**Antam**

**Public Relations**

**Bimo Satriyo (Corporate Secretary)**

**Tel: +62 811 151 840**

**Email: [Bimo.Satriyo@antam.com](mailto:Bimo.Satriyo@antam.com)**

**Investor Relations**

**Cameron Tough**

**Tel: +62 818 657 128**

**Email: [cameron@antam.com](mailto:cameron@antam.com)**

**Herald Resources**

**Mr. Michael Wright**

**Executive Director**

**Tel: + 61 8 9322 2788**

**Financial Adviser to Antam and Zhongjin-**

**Macquarie Capital Advisers**

**Mr. Martin Alciaturi**

**Division Director**

**Tel: + 61 8 9224 0625**

## APPENDIX 1

### CONDITIONS OF THE OFFER

**(a) Antam Shareholder approval**

The shareholders of PT Antam Tbk pass in a general meeting all such resolutions as may be required to approve the acquisition of Target Shares pursuant to the Bid in accordance with all applicable laws and PT Antam Tbk's articles of association.

**(b) Zhongjin Shareholder approval**

The shareholders of Zhongjin pass in a general meeting all such resolutions as may be required to approve the acquisition of Target Shares pursuant to the Bid in accordance with all applicable laws and Zhongjin's articles of association.

**(c) Foreign Acquisitions and Takeovers Act**

The Treasurer of the Commonwealth of Australia consents, on an unconditional basis under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**Act**) to the proposed acquisition by Bidder of Target and the Treasurer is taken to have so consented:

- (i) if Bidder receives written advice from or on behalf of the Treasurer to the effect that the acquisition is not inconsistent with Australia's foreign investment policy or is not objected to under the Act; or
- (ii) If notice of the proposed acquisition is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under the Act in relation to the proposed acquisition because of lapse of time.

**(d) Minimum acceptance**

At the end of the Offer Period, Bidder has a relevant interest of at least 50.1% (by number) of the Target Shares on issue at that time.

**(e) No prescribed occurrences**

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Target and ending at the end of the Offer Period:

- (i) Target converts all or any of its shares into a larger or smaller number of shares;
- (ii) Target or a subsidiary of Target resolves to reduce its share capital in any way;
- (iii) Target or a subsidiary of Target:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Target or a subsidiary of Target issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option except under Target's dividend reinvestment plan or due to the exercise of options on issue before the Announcement Date;

- (v) Target or a subsidiary of Target issues, or agrees to issue, convertible notes;
- (vi) Target or a subsidiary of Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) the Target or a subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Target or a subsidiary of Target resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Target or of a subsidiary of Target;
- (x) a court makes an order for the winding up of the Target or of a subsidiary of Target;
- (xi) an administrator of Target, or of a subsidiary of Target, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Target or a subsidiary of Target executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Target or of a subsidiary of Target.

**(f) No prescribed occurrences between Announcement Date and service**

None of the events listed in sub-paragraphs (i) to (xiii) of paragraph (e) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to the Target.

**(g) No action by Public Authority adversely affecting the Bid**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than an application by the Bidder, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Bid),

in consequence of, or in connection with, the Bid, which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon, the making of the Bid or the completion of the acquisition of Target Shares or options over Target Shares or seeks to require the divestiture by the Bidder of any of the Target Shares, or the divestiture of any assets by any company within the Target Group or the Bidder Group.

**(h) No material adverse change**

During the Condition Period, no change or event occurs, is discovered or becomes public or otherwise disclosed which has or could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of Target and its subsidiaries taken as a whole.

**(i) Approvals by Public Authorities**

During the Condition Period the Bidder receives all Approvals which are required by law or by any Public Authority:

- (i) to permit the Offers to be made to and accepted by Target shareholders; or
- (ii) as a result of the Offers or the successful acquisition of the Target Shares and which are necessary for the continued operation of the business of the Target and its subsidiaries or of the Bidder and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(j) No material acquisitions, disposals, etc.**

Except for any proposed transaction publicly announced by Target before the Announcement Date and any transaction undertaken by Target or any subsidiary of Target in its ordinary course of business, none of the following events occur during the Condition Period without the written consent of Bidder:

- (i) Target, or any subsidiary of Target, acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate in any series of transactions of more than \$20 million or makes an announcement about such an acquisition or acquisitions;
- (ii) Target, or any subsidiary of Target, disposes, offers to dispose or agrees to dispose of one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in Target's statement of financial position as at 30 June 2007) in aggregate in any series of transactions of more than \$20 million or makes an announcement about such a disposal; or
- (iii) Target, or any subsidiary of Target, enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership, management agreement or dual listed company structure involving a commitment, expenditure, or the foregoing of revenue by Target of greater than \$20 million in aggregate in any series of transactions, or makes an announcement about such a commitment.

**(k) Target's interest in Dairi Project**

During the Condition Period, Target does not dispose or grant any rights or interest, or agree to dispose or grant any rights or interests, in respect of its interest in the Dairi Project and does not make an announcement in relation to such a disposition or grant.

**(l) No persons exercising rights under certain agreements or instruments**

During the Condition Period, no person exercises or purports to exercise, or states an intention to exercise, any right under any provision of any agreement or other instrument to which Target or any subsidiary of Target is a party, or by or to which Target or any subsidiary of Target of any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Target or the Target and its subsidiaries taken as a whole, in:

- (i) any monies borrowed by Target or any subsidiary of Target being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;

- (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (iii) the interest or rights of Target or any subsidiary of Target in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (iv) the business of Target or any subsidiary of Target with any other person being adversely affected,

as a result of the acquisition of Target Shares by Bidder.

**(m) Conduct of Target's business**

During the Condition Period, none of Target, or any body corporate which is or becomes a subsidiary of Target, without the written consent of Bidder:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes or due to the exercise of options on issue before the Announcement Date;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) increases the aggregate limit of the Target Group's bank facility limit, or draws down on that facility or otherwise borrows other than in the ordinary course of the business of Target and its subsidiaries taken as a whole;
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation involving a contravention by the Target or a subsidiary of the Corporations Act.



## APPENDIX 2

### OVERVIEW OF HERALD RESOURCES

Herald Resources is a mineral exploration and development company listed on the Australian Securities Exchange (Code: HER). Its activities include the exploration, development and investment of base metals and gold, predominantly within Indonesia and Australia.

The primary asset of Herald Resources is an 80% interest in the high-grade zinc/lead Dairi Project in Indonesia. The Dairi Project is located in the Dairi Regency in North Sumatra, Indonesia. Herald Resources also holds minority interests in three early-stage gold exploration projects in Indonesia and Western Australia and a 27.27% shareholding interest in Jaguar Minerals Ltd, an ASX listed exploration company with a market capitalisation of A\$7.79 million as at 29 January 2008.

For the year ended 30 June 2007, Herald Resources reported an audited consolidated net loss of A\$1.23 million with consolidated net sales of A\$6.31 million. As of 29 January 2008 Herald's market capitalisation was A\$505 million.

## APPENDIX 3

### OVERVIEW OF ANTAM

Antam is an Indonesian state-owned mining and metals company with a diversified portfolio of operating assets and exploration projects. The majority of the company's earnings are presently generated through nickel mining activities.

Antam is listed on the Indonesian Stock Exchange (ticker: ANTM) and Australian Securities Exchange (Code: ATM) and as at the close of trading on 29 January 2008 had a market capitalisation of US\$3,325 million. The Government of the Republic of Indonesia holds 65% of Antam's issued shares with the balance held by a combination of retail and domestic and international institutional investors.

For the nine months ended 30 September 2007, Antam reported an unaudited consolidated net profit of US\$421 million and consolidated net sales of US\$909 million.

Antam has been a participant in the Dairi Project since its inception and currently has a 20% direct interest in the project.

## APPENDIX 4

### OVERVIEW OF ZHONGJIN

Zhongjin is a Chinese metals and mining company, which is principally engaged in the mining and processing of lead, zinc and other non-ferrous metals. The company is listed on the Shenzhen Stock Exchange (ticker: 000060) and as at the close of trading on 29 January 2008 had a market capitalisation of US\$3,566 million.

Guangdong Rising Assets Management Co. Ltd., a state-owned enterprise under the Guangdong Provincial Government, holds approximately 38% of Zhongjin's issued shares with the balance held by a combination of public and institutional investors.

The primary mining asset of the company is the Fankou Mine located in Shaoguan, Southern China. It has been in production for 40 years and is one of the lowest cost lead and zinc mines in the world with an annual production capacity of 150,000 tonnes of contained lead and zinc.

Zhongjin operates the Shaoguan Smelter and Danxia Smelter in southern China with a combined annual capacity of more than 320,000 tonnes of lead and zinc metal.

For the nine months ended 30 September 2007, Zhongjin reported an unaudited consolidated net profit of CNY972.5 million (approximately US\$130 million) with consolidated net sales of CNY6.1 billion (approximately US\$814 million).