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# HERALD RESOURCES



HERALD RESOURCES LIMITED ABN 15 008 672 071  
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29 August 2005

**US SECURITIES & EXCHANGE COMMISSION**  
Division of Corporate Finance  
Office of International Corporate Finance  
Mailstop 3628  
One Station Place, NE  
Washington DC 20549  
USA



SUPPL

**Re: Rule 12g3-2(b) (82-4295)**

On behalf of Herald Resources Ltd (the "Company"), a company incorporated in Australia, I am furnishing herewith the below listed document(s) pursuant to Rule 12g3-2(b) (iii) under the Securities Exchange Act of 1934 ("Exchange Act"):

**Document Description / Date**  
Dairi Project – Improved Feasibility Study Results  
Dated 19 August 2005

Yours faithfully

**M P WRIGHT**  
Executive Director

PROCESSED

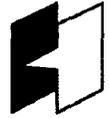
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19 August 2005

Companies Announcement Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Via ASX Online

<b>Project Interests: Herald</b>	<b>80%</b>
<b>PT Antam</b>	<b>20%</b>

All figures in US\$, project totals

## **RE: DAIRI PROJECT UPDATE – IMPROVED FEASIBILITY STUDY RESULTS**

Following the decision in the June quarter to transport the Dairi concentrates by truck to the east coast of Sumatra, rather than by pipeline to the west coast as contemplated in the original Dairi Feasibility Study (DFS), capital and operating costs for the project have been re-calculated. This has resulted in an **improvement in overall project economics**.

Total capital costs have decreased by \$18m (from \$136m to \$118m) due to cancellation of the pipeline, partly offset by an increased allowance for upgrading of roads and general contingency.

Total operating costs have increased due to the use of trucks versus the pipeline as well as increased fuel prices in the interim, partly offset by a fall in shipping rates over the same period.

All other parameters, including metal price and treatment charge assumptions, have remained the same, namely;

- Initial mine life of 7 years
- Diluted mined head grades of 15% Zn, 9% Pb (21% Zn equivalent)
- 1 mtpa production rate, utilizing underground mining with paste back-fill

- Conventional flotation treatment process, producing 220,000 and 100,000 tonnes of zinc and lead concentrates p.a. at full production

A comparison between the new figures and previously announced Dairi Feasibility Study results appears below:

	<b>Revised DFS August 2005</b>	<b>Original DFS February 2005</b>
Total project cashflows (after repayment of capital)		
Pre-tax	<b>\$288m</b>	\$277m
Post-tax	<b>\$202m</b>	\$196m
Net present value at 10%		
Pre-tax	<b>\$121m</b>	\$109m
Post-tax	<b>\$73m</b>	\$65m
Internal rate of return		
Pre-tax	<b>34%</b>	29%
Post-tax	<b>25%</b>	22%
Total capital cost	<b>\$118m</b>	\$136m
Cash operating cost (per lb of zinc produced)	<b>31¢</b>	30¢

The detailed revised costings will now be re-submitted to the company's mandated banking syndicate and selected offtake groups to enable them to complete their due diligence studies in relation to providing finance facilities for the Dairi Project.

Yours faithfully



**MICHAEL P WRIGHT**  
Executive Director