

Austindo Resources Corporation N.L.

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QUARTERLY REPORT: Three months ending 31 December 2005

HIGHLIGHTS

The commencement of construction at the Cibaliung Gold Project marks an important milestone for Austindo with gold production scheduled to begin in the 4th Quarter of 2006.

Cibaliung Gold Project – Indonesia

- Aker Kvaerner were appointed to provide engineering services for the relocation of the Mount Olympus gold processing plant to Indonesia.
- A contract for the dismantling of the Mount Olympus gold processing plant for shipping to Indonesia was awarded.
- A traditional groundbreaking ceremony was held on site to signify the commencement of construction. Preparation of the Box Cut is underway.
- A Project Facility Agreement for the provision of US\$26 million project finance signed with ANZ Investment Bank. Drawdown will be effected following execution of security documents and completion of conditions precedent.

Project Generation - Indonesia

- Surface exploration at Pekalongan has identified geochemical anomalies.
- A new tenement area was granted for exploration of gold and its associated minerals, including copper, in the District of Teluk Bintuni, Papua, Indonesia pursuant to the Company's Strategic Alliance with the Anglo American Group.

Corporate

- The Company issued A\$4.0 million of Convertible Notes to clients of Austock Corporate Finance Limited and to Macquarie Bank Limited to satisfy project finance requirements to demonstrate additional capacity to fund contingencies that may arise during construction at the Cibaliung Gold Project.

Expenditure

- Exploration and pre-development expenditure in Indonesia during the quarter totalled A\$2,603,000.

CIBALIUNG GOLD PROJECT – INDONESIA (85.73% as at 30 June 2005)

The Company's development focus in Indonesia is the Cibaliung Gold Project which is operated by PT. Cibaliung Sumberdaya, a joint venture company established between the Company and PT. Antam Tbk.

Cibaliung is located in Banten Province near the western tip of the island of Java, 150km south west of Jakarta. In accordance with the terms of the joint venture agreement, the Company's interest in the Cibaliung Project as at 30 June 2005 stood at 85.73%.

The commencement of work on site was marked by a traditional Ground Breaking Ceremony held during the quarter at the site of the portal to the underground mine. The ceremony was attended by over 200 people including leaders of the local community, government officials and Company representatives.



The Company has completed the acquisition of the gold processing plant located at the Mount Olympus Mine near Paraburdoo in Western Australia which will be relocated to Cibaliung. Aker Kvaerner have been awarded a contract for engineering services associated with the dismantling, transportation, re-erection and plant modifications (including the addition of an elution circuit, detox unit, gold room and backfill plant).

In addition, pre-engineering work for the construction of the project and contract tendering for major site construction elements were advanced during the quarter. A contract for the dismantling of the Mount Olympus gold processing plant for shipping to Indonesia was awarded and work on dismantling of the plant has commenced.

Financing

The Company issued A\$4.0 million of Convertible Notes ("Notes") to Macquarie Bank Limited and clients of Austock Corporate Finance Limited to satisfy project finance requirements to demonstrate additional capacity to fund contingencies that may arise during construction of the mine.

Permitting

The Mining Authorisation and land use permits for the Cibaliung project were finalised during the quarter.

Cibaliung Exploration

Three drill holes (AC-109, AC-110 and AC-111) were completed during the quarter. AC-109 was drilled at West Cibitung but did not intercept significant structures or mineralisation. AC-110 was drilled in the Central Zone and although low grade, has confirmed the structural zones with few quartz veins at 186.40 – 206.10. AC-111 was drilled at Ilalang where shear structures were intercepted, coinciding with previously identified IP-resistivity anomalies, however this structure is not mineralised.

Infill ground magnetics was completed and the interpretation was updated. This work greatly aids structural interpretation and will be used to plan the next phase of drill testing targets in close proximity to the known ore shoots. Further drilling is proposed later in 2006.

Expenditure

Expenditure in relation to the development of the Cibaliung Gold Project totalled A\$2,377,000.

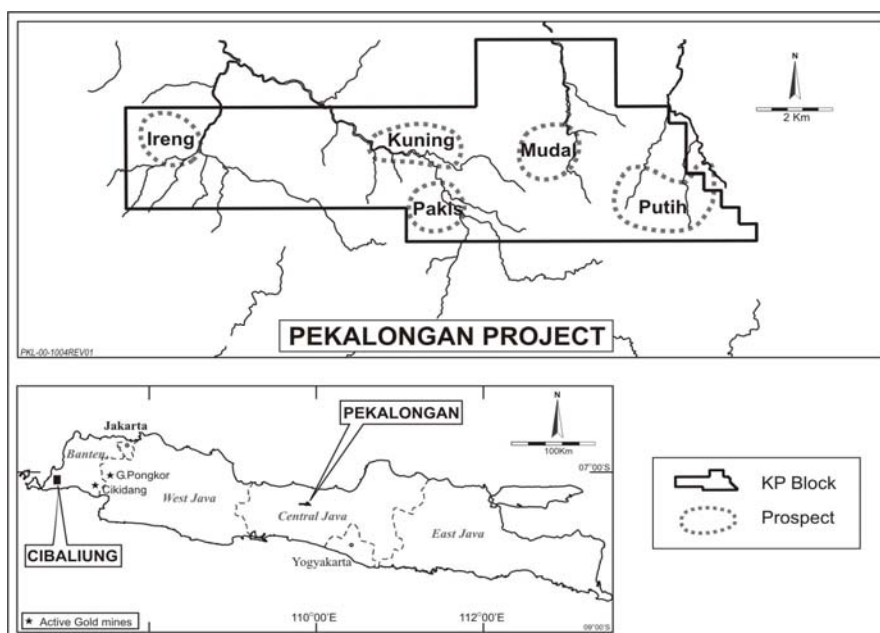
Expenditure in relation to Cibaliung Exploration totalled A\$207,000.

PROJECT GENERATION – INDONESIA

Total Expenditure on exploration and evaluation (excluding Cibaliung) in respect of new project generation in Indonesia totalled A\$19,000 during the quarter.

Pekalongan, Central Java

An extensive program of stream sediment sampling has been completed at the Pekalongan Gold Project, located in Central Java, resulting in several geochemical anomalies being identified.



At the Kuning prospect, quartz veins and veinlets were identified in several zones trending northwest-southeast, and enveloped by smectite-illite-kaolinite alteration. The quartz veins/

veinlets are millimetres to centimetres in thickness, characterized by fine- to medium-grained quartz with crustiform-colloform banding textures, which are indicative of potential epithermal gold silver mineralisation. Rock geochemistry ranges from <0.1 to 1.75 g/t gold with anomalous arsenic and antimony (5 to 230 g/t and 1 to 28 g/t respectively).

At the Mudal prospect, quartz veinlet zones and stockwork, hosted by illite-smectite-kaolinite altered rocks were identified in close proximity with silica sinter outcrops. Although, the gold grades are low, the arsenic and antimony are elevated (2 to 81 g/t and 1 to 18 g/t respectively) indicating the possibility of a shallow level epithermal system.

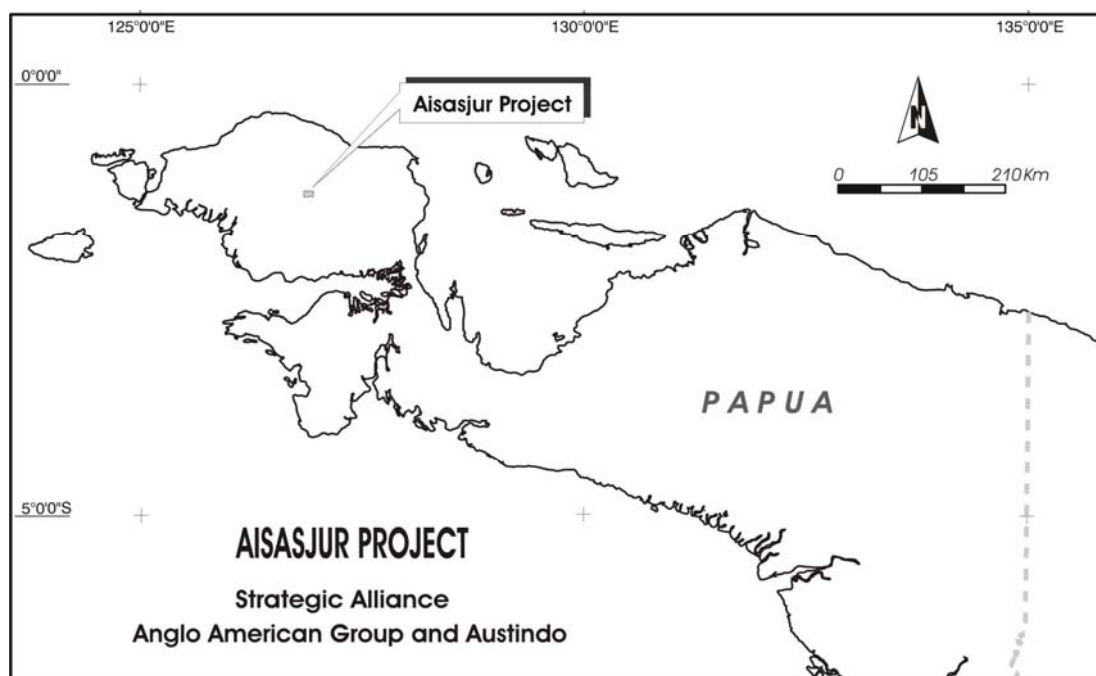
Detailed mapping is now being undertaken in each of the prospect areas to assess possible drilling targets.

Papua

A new tenement area was been granted during the quarter for exploration of gold and its associated minerals, including copper, in the District of Teluk Bintuni, Papua, Indonesia pursuant to the Company's Strategic Alliance with PT Minorco Services Indonesia of the Anglo American Group.

The new tenement area, known as the Aisasjur Prospect, has been granted under a Kuasa Pertambangan ("KP") which is held by PT Alam Papua Nusantara pursuant to a strategic alliance to explore for large porphyry copper gold deposits. Together with Anglo, Austindo believes that the province of Papua is highly prospective for the discovery of major copper-gold deposits.

The KP covers an area of 9,486 hectares and has been granted for an initial three year period.



Geologically, the Aisasjur Prospect area lies within one of the Indonesia's young Tertiary volcano- plutonic arcs which are prospective for both porphyry copper-gold and epithermal gold mineralisation styles.

Previous exploration in the area, including drilling, carried out in the 1990's returned encouraging results and confirmed the presence of significant gold mineralisation.

In accordance with the terms of the strategic alliance, Anglo will sole fund exploration activities at Aisasjur which are scheduled to commence in the near future.



Ian Price
Managing Director & CEO
27 January 2006

The information in this report that relates to Exploration Results is based on information compiled by Mr Sukmandaru Prihatmoko, who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Prihatmoko is a full-time employee of PT. Indonusa Mining Services, a wholly owned subsidiary of the Company.

He has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Prihatmoko consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT AUSTINDO RESOURCES CORPORATION NL (ARX)

Formed in 1983, Austindo Resources Corporation NL is an Australian listed gold company focussed on developing projects in Indonesia. The company's key project is Cibaliung, a high-grade epithermal gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Production at Cibaliung is expected to begin in the 4th quarter of 2006, with an annual production rate of 70,000 oz (gold equivalent) at an average life of mine cash operating costs of approximately US\$200 per ounce.

Two key strategic alliances in Indonesia are taking Austindo closer to achieving its growth objective. In association with Anglo American Group, the company is exploring for large porphyry copper/gold deposits in Papua, and also has an interest with PT Sumber Mineral Nusantara in the Pekalongan tenement in Central Java, an area prospective for low sulphidation epithermal gold/silver deposits similar to the Cibaliung project.