

## **Austindo Resources Corporation N.L.**

[www.austindoresources.com.au](http://www.austindoresources.com.au)

### ***QUARTERLY REPORT: Three months ending 30 June 2006***

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#### **MAJOR POINTS**

##### **Cibaliung Gold Project – Indonesia**

- A review of the cost to complete and a number of project scope changes has identified a number of areas where substantial cost increases have occurred particularly in relation to bulk earthworks, project delivery and the erection of the gold processing plant. As a result, the Company believes that additional expenditure of approximately US\$10 million will be necessary to complete the project. An independent consultant has been engaged to verify the total project cost. The Company will be seeking additional debt finance and equity funding to meet these increased costs. Further details will be provided when independent verification of costs has been received and appropriate arrangements in respect of funding have been determined.
- Construction at the Cibaliung Gold Project is proceeding with production scheduled to begin in the 1<sup>st</sup> Quarter of 2007.
- The Gold Processing Plant has been shipped from Port Hedland to Indonesia.
- PT Petrosea have substantially completed detailed engineering in respect of the re-erection of the gold processing plant.
- Construction of the Box Cut has been completed.
- Preparations for the Decline Development were initiated on site during the quarter and the Decline Contractor has mobilised to site.

##### **Project Generation - Indonesia**

Exploration campaigns have commenced on the Company's three tenements in Java with the aim of identifying new gold-silver resources.

Proposed drilling by the Anglo American Group at the Aisasjur Project in Papua is now expected to begin in August 2006.

##### **Expenditure**

Exploration and pre-development expenditure in Indonesia during the quarter totalled A\$11.689m.

##### **Placement**

The Company successfully completed a placement of 218 million shares at 5.5 cents per share to raise A\$12 million in April 2006.

## CIBALIUNG GOLD PROJECT – INDONESIA (89.75% as at 31 Dec 2005)

The Cibaliung Gold Project 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 31 December 2005 stood at 89.75%.



A review of the cost to complete and a number of project scope changes has identified a number of areas where substantial cost increases have occurred particularly in relation to bulk earthworks, project delivery and the erection of the gold processing plant. As a result, the Company believes that additional expenditure of approximately US\$10 million will be necessary to complete the project. An independent consultant has been engaged to verify the total project cost. The Company will be seeking additional debt finance and equity funding to meet these increased costs. Further details will be provided when independent verification of costs has been received and appropriate arrangements in respect of funding have been determined.

The Gold Processing Plant has been shipped to Indonesia. PT Petrosea have substantially completed detailed engineering in respect of the erection of the processing plant which is scheduled to commence on site in the current quarter. A new elution and gold room package is being constructed by Como Engineers in Perth and will be transported to site in the current quarter. Bulk earthworks together with road and bridge construction on site are continuing.



Construction of the Box Cut has been completed with the decline development to commence in the current quarter. The Decline Contractor has now mobilised to site and commenced cutting on 17 July 2006.



Mobile mining equipment for utilisation in underground operations later in the year has been procured and will be shipped to site in the current quarter.

### **Cibaliung Exploration**

Detailed surface work within a 2-km radius of the mine development at Cibaliung was completed during the quarter including structural mapping, trenching, soil and rock chip geochemical sampling.

In August the company will commence a diamond drilling programme with the aim of identifying additional gold-silver resources to enhance the Cibaliung project. The drilling will be focused on three discrete areas:

- Immediately west of the Cikoneng-Cibitung gold-silver lodes where a moderately well exposed block of altered andesitic volcanic rocks hosts generally narrow veins (<1-5 m) that occupy a complex network of fractures and faults. The drilling here will further test the potential of this area where previous scout diamond drilling returned some significantly mineralized intersections, including 4.3 m at 21.4 g/t Au & 197 g/t Ag on the Rorah Kadal vein;
- Along the northwest-striking fault hosting the Cikoneng-Cibitung gold-silver lodes, which lies within a broader northwest-striking corridor of parallel faults and subsidiary

splays extending over 5 km strike-length, where the host structure has excellent potential for the repetition of discrete high-grade lodes along its strike projection and at various depths within the host structure;

- Immediately east of the Cikoneng-Cibitung gold-silver lodes where MMI gold-soil anomalies and coincident magnetic lineaments highlight potential for other mineralised lodes running parallel and subparallel to the Cikoneng-Cibitung gold-silver lodes.

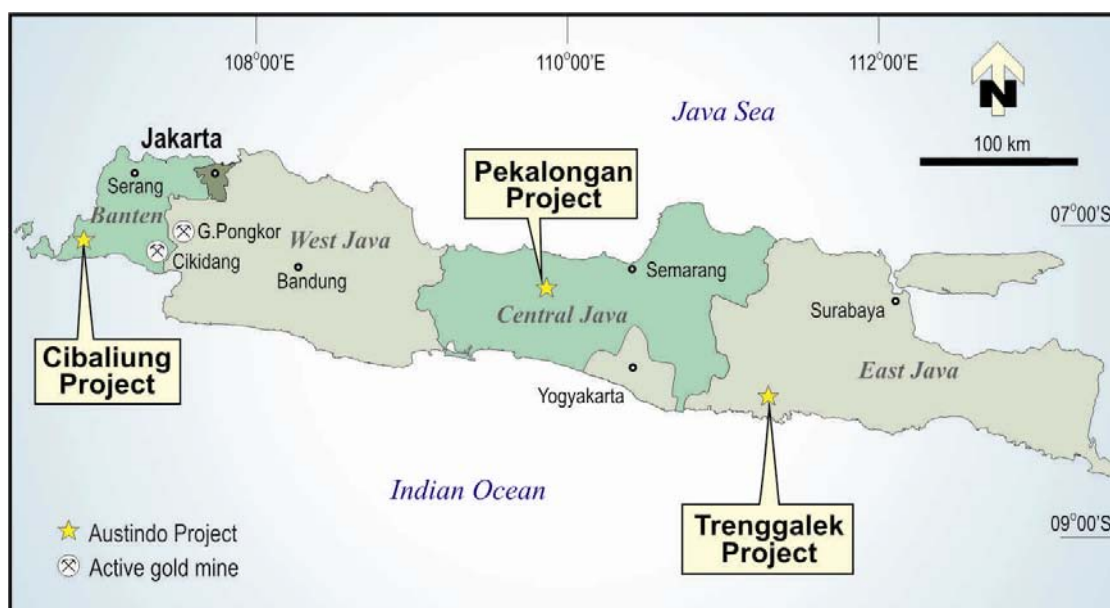
## Expenditure

Expenditure in relation to the development of the Cibaliung Gold Project totalled A\$11.517m. Expenditure in relation to Cibaliung Exploration totalled A\$89,000.

## PROJECT GENERATION – INDONESIA

### Java

Total Expenditure on exploration and evaluation (excluding Cibaliung) in respect of new project generation in Indonesia totalled A\$92,000 during the quarter.



### **Trenggalek Project, East Java (ARX – 95%)**

The Trenggalek exploration area in East Java covers 17,586 Ha and is prospective for low sulphidation epithermal gold/silver deposits similar to the Company's developing gold project at Cibaliung.

Drill targets are advanced on the **Sentul Prospect** where two NNE trending quartz veins were previously delineated (by earlier exploration by previous title holders) over 4 km total strike-length, attaining widths of up to 8 m and gold grades of up to 4.5 g/t Au.

Detailed structural and alteration mapping on the **Dalangturu Prospect** was undertaken during the quarter to identify drill targets where silicified eruption breccia and silica sinter exposed on flat hills suggest a fossilized hot-spring depositional system. Selective chip

sampling of quartz-chalcedony-adularia veinlet-networks in altered andesitic volcanic rocks exposed in nearby creeks has previously returned up to 12.7 g/t Au.

Detailed mapping will also commence on the **Paces Prospect** with the aim of locating the source of the high-grade vein float that has previously yielded up to 30.1 g/t Au.

### **Pekalongan Project, Central Java (ARX – 95%)**

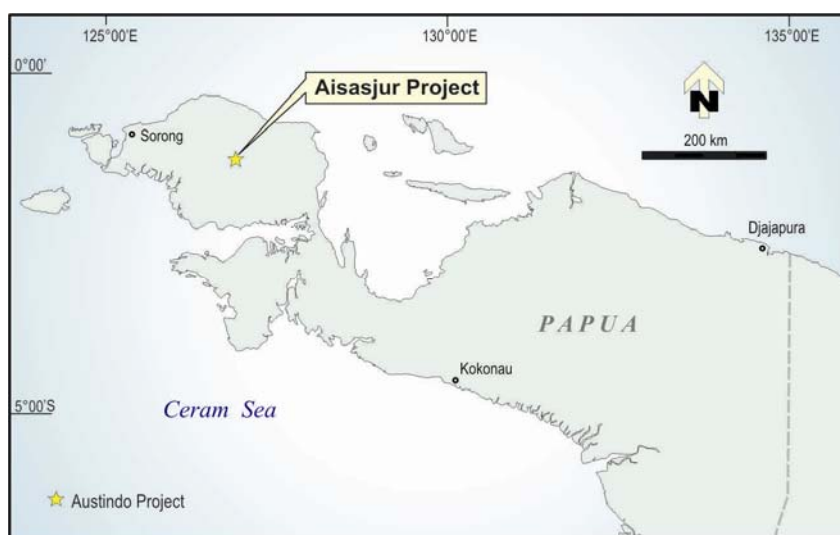
Drill targets are advancing on the **Kuning Prospect** at Pekalongan where narrow sulphide-bearing quartz veins within zones of silicified and brecciated andesitic volcanic rock up to 5-10 m wide have been recently identified by trenching. Work is in progress and assay results are awaited from rock and soil sampling, however, the structures are believed to extend over several hundred metres strike and elevation.

Detailed mapping, rock chip and soil geochemical sampling were also undertaken during the quarter to advance drill targets on the **Mudal** and **Putih prospects**. Mudal shows features of a high-level preserved, fossilized hot-spring depositional system with silicified eruption breccias and possibly silica sinters. Putih shows features of a high-sulphidation epithermal system with vuggy silica-rich alteration capping and poddy baryte mineralization. Anomalous gold geochemistry identified from fine-fraction stream sediment samples taken in creeks draining the western side of the Putih Prospect enhances the prospectivity of this area for intrusion-related gold mineralization.

## **Papua**

### **Aisasjur Project - Anglo Strategic Alliance (ARX – 20%)**

The Company has a strategic alliance with the Anglo American Group to explore for large copper/gold porphyry deposits in Papua. The Company has a 20% joint venture interest in the Aisasjur Project while the Anglo American Group has the obligation to fund all exploration activities pursuant to the terms of the strategic alliance.



The Aisasjur Project covers an area of 9,486 hectares in the Kepala Burung area of Papua. Geologically, the project 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.

A 4000m drilling programme is now scheduled to commence at the Aisasjur Project in August 2006.



**Ian Price**  
**Managing Director & CEO**  
**31 July 2006**

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The information in this report that relates to Exploration Results is based on information compiled by Mr. Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr. Wake has sufficient experience which is relevant to the style of mineralisation 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. Wake consents to the inclusion in this 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 focused 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. Cibaliung is expected to produce at an annual rate of 70,000 oz (gold equivalent) with 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. In addition the Company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Pekalongan and Trenggalek tenements located in Central and East Java respectively, areas prospective for low sulphidation epithermal gold/silver deposits similar to the Cibaliung project.*

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#### **BOARD OF DIRECTORS**

Bruce Watson – Non-Executive Chairman  
Ian Price – Managing Director & CEO  
George Tahija – Non-Executive Director  
John Carlile – Non-Executive Director  
Christopher Melloy – Non-Executive Director

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