

**ARX EXECUTES A HEADS OF AGREEMENT FOR A FARM-OUT OF THE  
CIBALIUNG GOLD PROJECT**

Austindo Resources Corporation NL (“Austindo” or the “Company”) is pleased to announce that it has entered into a binding Heads of Agreement with East Asia Minerals Corporation (“EAS”) for a farm-out of the Cibaliung Gold Project in Indonesia (“Cibaliung” or the “Project”).

The farm-out is conditional upon entering into a definitive Acquisition and Farm-In Agreement on or about 28 May 2008 as well as various approvals including, if necessary, Austindo shareholder approval. The key terms of the farm-out are summarised as follows:

- EAS to contribute US\$35 million directly into the Project. For this contribution, EAS will earn a 71.8% interest in the Project, and become the Project manager.
- In addition, EAS is to assume responsibility for all debt obligations of the Project, which have an outstanding principal amount of US\$15 million.
- The funds contributed by EAS will be applied to advance the Project to positive cash flow, estimated to occur in the 2<sup>nd</sup> half of 2009, and to near mine exploration with the aim of delineating further reserves and resources.
- In conjunction, the ANZ is to agree to delay commencement of delivery into the hedge book.

This result is the culmination of an extensive process that was announced in early March 2008 to secure a farm-in partner for the Project. Importantly, it provides Cibaliung with much needed funds to complete development and in due course capitalise on significant exploration potential near mine, with the intention to possibly increase mine life or throughput or both.

**AUSTINDO’S STRATEGY FOR ADDING VALUE THROUGH FOCUS ON EXPLORATION IN  
INDONESIA**

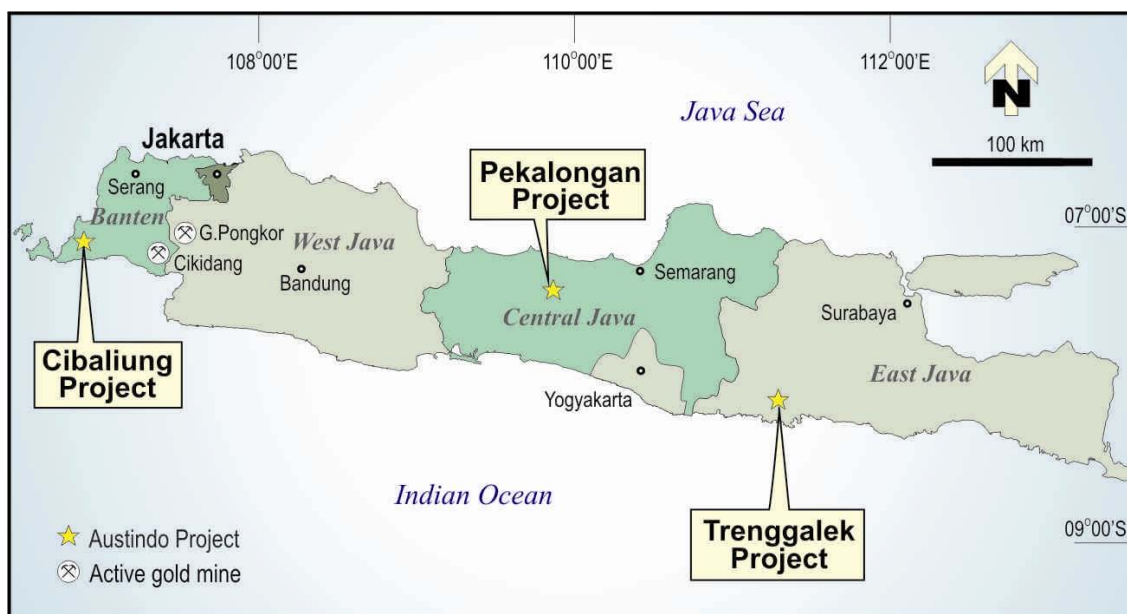
Following completion of the farm-out, Austindo will focus on its demonstrated exploration strengths in Indonesia with an emphasis on the discovery of high-grade epithermal gold-silver resources on the Company’s other tenements in Java. The farm-out provides Austindo with an excellent opportunity to refocus and add value for shareholders by leveraging off its skill set and resultant asset portfolio, whilst significantly diversifying its risk profile and relieving it and its shareholders of the need to provide further significant capital for the Cibaliung Project. To further complete this transformation, Austindo is also currently seeking to change its name and consolidate the shares on issue at the upcoming Annual General Meeting.

Austindo’s Managing Director Mr. John Carlile said “With Cibaliung substantially funded through to positive cash flow and under the operating management of EAS, Austindo is now in a position to redirect its core skills and experience to its other high quality exploration assets in Indonesia, whilst maintaining a significant interest in gold production at Cibaliung. The Company is looking forward to recommencing exploration activities, particularly at Trenggalek and Pekalongan, as well as pursuing new exploration opportunities with the objective of discovering and proving up new resources”.

It is envisaged that, going forward, the revitalised Company will have:

- A significant (non-operator) interest in a gold mine nearing production, where it is estimated that no or minimal additional contributions will be required. Furthermore, the Project will benefit from the strong skills and vision of the new manager, EAS;
- A prospective exploration portfolio in Indonesia, including the Trenggalek and Pekalongan KPs, which will now become the focus of the Company. Austindo expects the current exploration portfolio, along with other potential prospects currently identified, to generate new project opportunities for the Company in the future;
- A strategic alliance with Anglo American Group to explore for large copper/gold porphyry deposits in the Province of West Papua in Indonesia. Together with Anglo, Austindo believes that these areas are highly prospective for large copper gold porphyry deposits;
- A new name, being **Arc Exploration Limited**; and
- Shares on issue of around 149.8 million, rather than the unworkable 7.5 billion at present, following a 50 for 1 consolidation.

Austindo believes that its current exploration portfolio has outstanding potential, and that there remains significant value to be unlocked for shareholders. The farm-out allows Austindo to redirect its efforts to unlocking this value, and provides the means by way of future cash flows from Cibaliung.



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

The Company commenced exploration work on the 17,586 ha tenement in mid-2006 and has conducted prospecting and mapping over the northern half of the tenement. The project area comprises prospective Oligocene-Miocene age volcano-sedimentary rocks similar to those at Cibaliung. Previous exploration in the late 1990's found high-grade float and traced it to narrow epithermal quartz vein outcrops at the Kojan, Buluroto and Sentul prospects. The very encouraging results from sampling of these veins together with results from vein-float found in our recent work suggest the presence of multiple high-grade quartz vein sources within the tenement.

The aim of future exploration is to test the known veins, locate additional veins indicated by float and then to drill test them at the earliest opportunity. All permitting necessary to allow drilling to proceed is in place.

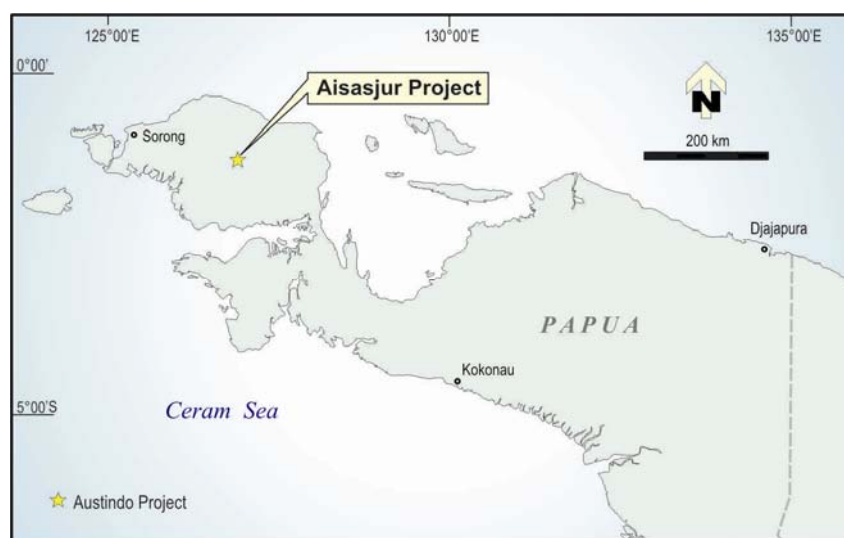
### **Pekalongan Project, Central Java (ARX – 95%)**

The Company commenced exploration work on the 5,618 ha tenement in early 2006 and has conducted prospecting and mapping over the eastern side of the tenement. Similar to Trenggalek, the project area comprises prospective volcano-sedimentary rocks.

Previous exploration in the 1990's found high-grade vein-gold float surrounded by zones of low-grade gold-silver-lead mineralisation in quartz stockwork at the Kuning Prospect. Exploration will continue to investigate the tenement for high-grade vein-gold targets and aim to advance the project to a scout drilling phase with subsequent follow up drilling if justified by results.

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

The Company has a 20% interest in a strategic alliance with the Anglo American Group (“Anglo”) to explore for large copper/gold porphyry deposits in Papua. The Company's interest is fully funded by Anglo through to a development decision.



The first project identified, Aisasjur, covers an area of 9,486 hectares on the Bird's Head peninsula of West Papua Province. The project area lies within one of Indonesia's young Tertiary volcano-plutonic arcs and is prospective for both porphyry copper-gold and epithermal gold mineralisation styles.

Eight holes were recently drilled by Anglo for a total of 3,347.9 m on the Aisasjur Prospect. Low-grade copper-gold mineralisation associated with broad zones of alteration and stockworking was intersected in one of the holes and indicates the presence of a blind porphyry system. The encouraging results of this program are the basis for a proposed follow-up drilling program. All exploration at Aisasjur is funded by Anglo.

### **ABOUT EAST ASIA MINERALS CORPORATION**

East Asia Minerals is an Asian-based, Canadian mineral exploration company with gold and copper exploration properties in Indonesia, and uranium exploration properties in Mongolia. In Indonesia the Company has a 70 to 85% interest in six advanced gold and gold-copper properties located in Aceh Province, Sumatra, and Sangihe Island, North Sulawesi. The Company owns ten uranium properties, including the advanced Ingiin-Nars, Ulaan Nuur and Enger uranium projects, and a 75% interest in the Khok Adar copper oxide discovery in Mongolia. East Asia currently has 55,645,372 shares outstanding. Its shares are listed for trading on the TSX Venture Exchange under the symbol “EAS”.

## KEY TERMS OF THE CIBALIUNG FARM-OUT

The key terms to be contained in the definitive Acquisition and Farm-in Agreement, as detailed in the Heads of Agreement are contained below:

- EAS agrees to invest US\$35 million cash to earn a 71.8% direct interest in the Project. Such payment is to be composed of three tranches, being:
  - The first tranche of US\$5 million, which will be paid upon execution of the Acquisition and Farm-in Agreement, subject to and conditional on the ANZ agreeing to a restructure of the debt and hedging. The first tranche is to be refundable in certain instances, including PT Antam TBK (“Antam”) exercising its pre-emptive right and Austindo not receiving shareholder approval for the farm-out.
  - The second tranche of US\$20 million, which will be paid upon Completion, being the last date upon which the last condition precedent is satisfied.
  - The third tranche of US\$10 million, which will be paid on an as needs basis, but by no later than 31 December 2008. At Completion EAS will provide Austindo with an irrevocable and unconditional bank guarantee in respect of the payment of this third tranche. In the event the bank guarantee is not paid by the bank, EAS’s interest in the Project will be reduced in proportion to its contribution.
- EAS to assume management responsibilities from the date of payment of the first tranche of US\$5 million pursuant to the terms of the Acquisition and Farm-in Agreement.
- EAS to assume responsibility for all debt obligations of the Project as at the date of Completion. The debt is currently comprised of a primary facility of US\$13 million and a US\$2 million over-run facility.
- Austindo and EAS agree to negotiate with the ANZ, as the financier of the Project, to restructure the existing debt and hedging. In this regard, it is contemplated that ANZ would be requested to roll over the earlier hedge contracts on current market terms and delay any principal debt repayments scheduled to occur prior to positive cash flow.
- Conditions precedent to Completion include:
  - Antam not exercising its pre-emptive right;
  - All necessary approvals being obtained including Austindo shareholder approval if required by ASX;
  - Existing shareholders in the Project joint venture vehicle consenting to the issue or transfer of shares to EAS; and
  - No material adverse effect or material breach of the agreements.
- Conditions subsequent to Completion:
  - Badan Koordinasi Penanaman Modal approval, being the entity responsible for laws in relation to foreign investment in Indonesia; and
  - Executing an Amended Joint Venture Agreement over the Project.
- Parties to use best endeavours to achieve Completion within 45 days of execution of the Acquisition and Farm-in Agreement.
- Common representations and warranties will be provided by Austindo to EAS.

As part of the Heads of Agreement, Austindo and EAS have agreed to use best endeavours to execute an Acquisition and Farm-in Agreement by 28 May 2008. If a party terminates the Heads of Agreement, a break fee of US\$875,000 will be payable, except in certain instances including if Antam exercises its pre-emptive right or if title over the Projects can not be evidenced or is not in good standing. Additionally, EAS may terminate the Heads of Agreement without paying the break fee if it is dissatisfied with the base case financial model that is currently being revised for the purposes of restructuring the debt and hedging, as discussed above.

## TIMETABLE

The indicative timetable of the farm-in is as follows:

- Execution of binding Heads of Agreement 13 May 2008
- Execution of definitive Acquisition and Farm-in Agreement On or about 28 May 2008
- Payment of first US\$5 million tranche On or about 28 May 2008
- Austindo shareholder meeting to approve farm-in<sup>1</sup> Around 30 June 2008
- Completion Around 15 July 2008

1. If required by the ASX

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