

- **AUSTINDO TO UNDERTAKE PLACEMENT AND RIGHTS ISSUE FOR THE CONTINUED DEVELOPMENT OF THE CIBALIUNG GOLD PROJECT**
- **ANZ AND OTHER DEBT PROVIDERS AGREE TO REDUCTION OF DEBT ON BASIS OF DEBT FOR EQUITY SWAP**

The Board of Austindo Resources Corporation NL (“ARX” or the “Company”) is pleased to announce that it has resolved to proceed with a Placement and a partly underwritten Rights Issue. If the Rights Issue is fully subscribed total gross proceeds (together with the Placement) of A\$20.9m will be raised, which is expected to be sufficient to substantially advance the Company towards first gold production from the Cibaliung Gold Project in Indonesia.

PLACEMENT

The Placement will be effected by the Directors within the 15% capacity afforded by ASX Listing Rule 7.1. The Placement comprises the issue of:

- 224,300,000 ordinary fully paid shares in the Company at 1.0 cents per share to raise A\$2,243,000; and
- 22,430,000 attaching options exercisable at 1.5 cents per share on or before 30 June 2012.

Austock Corporate Finance Limited will effect the Placement pursuant to Section 708 of the Corporations Act 2001 with institutional/sophisticated investors identified with the assistance of the ARX Board.

An Appendix 3B – Application for Quotation will be lodged with the ASX when the Placement has been completed. The Company intends to apply for the quotation of the options in addition to the new shares.

RIGHTS ISSUE

The Rights Issue will be offered to existing shareholders on the Record Date with a registered address in Australia, New Zealand, Indonesia and Singapore. It is currently anticipated that the Record Date will be on or about 28 September 2007.

The Rights Issue will be structured as follows:

- A renounceable pro-rata entitlement to acquire one new share for every existing share (1 for 1) held in the Company to raise up to A\$18.7 m;
- The new shares will be offered at 1.0 cents per share. This represents a 34.3% discount to the 5 day weighted average price of ARX shares to 12 September 2007 of 1.52 cents;

- Shareholders who subscribe for their rights will also be issued with one option for every 10 new shares subscribed for. The options are exercisable at 1.5 cents per share on or before 30 June 2012;
- Austock Corporate Finance Limited has advised the Company that it is willing to underwrite A\$11.4m of the Rights Issue with the support of significant ARX shareholders. This partial underwriting is subject to finalisation of appropriate legally binding documentation. Full details of the underwriting will be disclosed in the rights issue documentation.

An Appendix 3B – Application for Quotation will be lodged with the ASX when the Rights Issue Prospectus has been completed and lodged with ASIC and ASX. The Company intends to apply for the quotation of the both the new shares and the options to be offered pursuant to this Rights Issue.

FUNDING PROGRAM

The funds from the Placement and Rights Issue will be used for working capital purposes and costs, including holding costs, associated with the ongoing development of the Cibaliung Gold Project in Indonesia in which ARX has an 89.75% interest. Some funds will be applied to further exploration at Cibaliung to enhance the resource and reserve base.

To fund the development of the Cibaliung Gold Project, provide adequate working capital and provide funding for the Company's regional exploration program in Indonesia, a total of US\$35m is required. The current capital raising is part of a continuing strategy to provide a strong financial base for ARX, a strategy that has the full support of the Company's major shareholders.

The Placement and Rights Issue if fully subscribed will raise gross proceeds of A\$20.9 which is expected to be sufficient to enable the Company to reach first gold pour from the Cibaliung Gold Project. The Company currently has commitments for a minimum of A\$13.6m from the Placement and Rights Issue.

The Company will, however, require further funding to complete the project and produce positive cash flow and to fund further exploration. The Board of ARX is proposing that at an appropriate time the Company will consider a further equity raising to complete the balance of the US\$35 million funding requirement.

DEBT TO EQUITY CONVERSION

Subject to the completion of the Placement and Rights Issue as outlined above, ANZ has agreed to reduce its project debt to the Cibaliung Gold Project by an amount of A\$15.7 million (US\$13 million).

The debt reduction will be effected on the basis of a debt for equity swap on the same terms as proposed for the Placement and Rights Issue referred to above. This will require shareholder approval.

In exchange for the debt forgiveness ANZ will be issued approximately 1.6 billion ARX shares and 157 million Options exercisable at 1.5 cents per share on or before 30 June 2012.

In addition, the providers of a US\$5m Bridging Loan advanced to ARX in January 2007 have also agreed to participate in a debt for equity swap on the same basis as ANZ. This will result in the providers of the Bridging Loan reducing their corporate debt to ARX by A\$3 million (US\$2.5 million) and being issued with approximately 303 million ARX shares and 30 million Options exercisable at 1.5 cents per share on or before 30 June 2012.

These transactions are subject to the approval of ARX shareholders and it is anticipated that a Shareholders Meeting to approve these transactions will be held in late October 2007.

The Board of ARX believes that this first phase of funding and the debt to equity conversions referred to above will significantly enhance the Company's position and enable it to materially advance the Cibaliung Gold Project.

CONTINUED DEVELOPMENT OF THE CIBALIUNG GOLD PROJECT

The Company expects that the funds raised from the Placement and Rights Issue if fully subscribed will enable it to:

- Develop the Decline to access the underground ore body and mine ore ready to process;
- Complete the construction and commissioning of the Processing Plant;
- Complete of the Tailings Storage Facility; and
- Establish an ore stockpile in readiness for first gold pour from the Cibaliung Gold Project.

Further funding will be required thereafter to complete the purchase of necessary mobile equipment and infrastructure for ongoing mining operations and decline development, project delivery costs, finance costs, land acquisition costs, contingencies, exploration, operating costs and an initial period of negative cash flow post first gold pour.

The Company looks forward to the continued support of its shareholders to enable it to continue with the development of the Cibaliung Gold Project.

This announcement is dated 13 September 2007.

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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).

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.

BOARD OF DIRECTORS

Bruce Watson – Chairman

George Tahija – Non-Executive Director

John Carlile – Non-Executive Director

Christopher Melloy – Non-Executive Director

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