



Austindo Resources Corporation N.L.

A.C.N. 002 678 640

Financial Report

Half-Year Ended 30 June 2001

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DIRECTORS' REPORT

Your directors present the financial report of the economic entity for the half-year ended 30 June 2001.

Directors

The names of Directors who held office during or since the end of the half-year are as follows:

Mr. George S. Tahija
Mr. Robert J. Barton (alternate for Mr. George S. Tahija)
Mr. John C. Carlile
Mr. Pieter W. Greeff
Mr. Chris P. Melloy
Mr. Bruce J. Paterson
Mr. Bruce J. Watson (resigned 9/4/01)
Mr. Kingston K.Y. Lee (resigned 9/1/01)
Ms. Anna Y.C. Cheng (resigned 9/1/01)

Review of Operations

During the six-month period to 30 June 2001, the economic entity continued exploration activities at the Cibaliung project in Banten. A total of 6,626m of diamond core drilling were undertaken at Cibaliung during the period. Total drilling by the Company to June 30, 2001 now stands at 13,200m. Total project expenditure by the Company to date is US\$ 2.3 Million.

The Company has received an approval for its application to terminate the CoW held by P.T. Eastara Melawi Mineral (effective from October 2000) from the Ministry of Energy and Mineral Resources. Currently P.T. Eastara Melawi Mineral is in the process of being liquidated.

The prospect of prolonged social, political and economic uncertainty in Indonesia remains of some concern to the Company. With senior management based in Indonesia and the involvement of PT Austindo Mining Corporation in the management of all operations, the Board of Directors is satisfied that the Company is as well placed as any to deal effectively with this situation. The bulk of the Company's cash reserves are maintained on deposit within Australia.

The consolidated loss of the economic entity for the period was \$147,223 after income tax.

This report is signed in accordance with a resolution of the Board of Directors.

Dated at Sydney, New South Wales, this 11th day of September 2001

(signed J. Carlile)

(signed B. Paterson)

John Carlile
Managing Director & CEO

Bruce Paterson
Director

CONSOLIDATED PROFIT & LOSS STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2001

	Note	30.06.01 \$	30.06.00 \$
OPERATING REVENUE			
Sales Revenue		-	-
Other Revenue		265,563	79,970
		=====	=====
OPERATING PROFIT/(LOSS)			
Before abnormal items and income tax	2	(424,833)	(963,591)
ABNORMAL ITEMS			
Before income tax	3	277,610	(777,617)
		-----	-----
OPERATING PROFIT/(LOSS)			
Before income tax		(147,223)	(1,741,208)
INCOME TAX			
Attributable to operating profit/(loss)		-	-
		-----	-----
OPERATING PROFIT/(LOSS)			
After income tax		(147,223)	(1,741,208)
OUTSIDE EQUITY INTERESTS			
In operating profit/(loss) and extra- ordinary items after income tax		-	-
		-----	-----
OPERATING PROFIT/(LOSS)			
And extraordinary items attributable to members of Austindo Resources Corporation NL		(147,223)	(1,741,208)
ACCUMULATED LOSSES			
At the beginning of the half-year		(28,911,660)	(25,535,129)
		-----	-----
ACCUMULATED LOSSES			
At the end of the half-year		(29,058,883)	(27,276,337)
		=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	30.06.01	31.12.00	30.06.00
	\$	\$	\$
CURRENT ASSETS			
Cash	8,524,404	10,760,413	2,870,020
Receivables	140,136	10,580	11,093
Other	241,718	196,915	66,373
	-----	-----	-----
TOTAL CURRENT ASSETS	8,906,258	10,967,908	2,947,486
	-----	-----	-----
NON-CURRENT ASSETS			
Receivables	6,000	6,000	6,000
Property, Plant and Equipment	4,247,998	2,877,392	1,224,968
Intangible	-	-	-
	-----	-----	-----
TOTAL NON-CURRENT ASSETS	4,253,998	2,883,392	1,230,968
	-----	-----	-----
TOTAL ASSETS	13,160,256	13,851,300	4,178,454
	-----	-----	-----
CURRENT LIABILITIES			
Accounts Payable	1,410,774	1,797,771	563,630
Borrowings	1,019,264	1,019,264	1,019,264
Provisions	5,231	13,085	9,692
Other	66,211	9,194,886	66,500
	-----	-----	-----
TOTAL CURRENT LIABILITIES	2,501,480	12,025,006	1,659,086
	-----	-----	-----
NON-CURRENT LIABILITIES			
Provisions	20,400	17,850	16,800
	-----	-----	-----
TOTAL NON-CURRENT LIABILITIES	20,400	17,850	16,800
	-----	-----	-----
TOTAL LIABILITIES	2,521,880	12,042,856	1,675,886
	-----	-----	-----
NET ASSETS	10,638,376	1,808,444	2,502,568
	=====	=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	30.06.01	31.12.00	30.06.00
	\$	\$	\$
EQUITY			
Parent Entity Interest:			
Share Capital	38,896,593	29,753,559	29,778,905
Reserves	-	-	-
Accumulated Losses	(29,058,883)	(28,911,660)	(27,276,337)
Shareholders' equity attributable to Members of Austindo Resources Corporation N.L.	----- 9,837,710	----- 841,899	----- 2,502,568
Outside equity interests in controlled entities:			
Share Capital	800,666	966,545	-
Accumulated Losses	-	-	-
	----- 800,666	----- 966,545	----- -
TOTAL EQUITY	----- 10,638,376	----- 1,808,444	----- 2,502,568

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2001

	Note	30.06.01 \$	30.06.00 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,919,484)	(1,019,558)
Interest received		144,579	79,970
Interest paid		(38,873)	(38,210)
		-----	-----
Net cash provided by (used in) operating activities		(1,813,778)	(977,798)
		-----	-----
Cash flows from investing activities			
Payments for plant and equipment		(60,019)	(174,989)
Proceeds from sale of plant and equipment		3,153	17,053
Payments in respect of Cibaliung Joint Venture		-	(809,903)
Payments for investigating investment opportunities		(147,936)	-
		-----	-----
Net cash provided by (used in) investing activities		(204,802)	(967,839)
		-----	-----
Cash flows from financing activities			
Proceeds from the issue of shares		-	3,710,142
Payments in respect of capital raisings		(337,249)	(54,235)
Payments to former shareholders *		(59)	(25)
		-----	-----
Net cash provided by (used in) from financing activities		(337,308)	3,655,882
		-----	-----
Net increase/(decrease) in cash held		(2,355,888)	1,710,245
Cash at beginning of the financial period		10,760,413	1,175,572
Net effects of exchange rate changes on cash		119,879	(15,797)
		-----	-----
CASH AT END OF FINANCIAL PERIOD		8,524,404	2,870,020
		=====	=====

Non-cash financing activities 6

* Proceeds from the sale of shares in 1994 on behalf of shareholders holding an unmarketable parcel of shares, in accordance with the Constitution of the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2001**

1. BASIS OF PREPARATION OF THE ACCOUNTS

This general purpose half-year consolidated financial report has been made out in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements.

It is recommended that this financial report is read in conjunction with the Annual Financial Statements of Austindo Resources Corporation N.L. as at 31 December 2000, together with any public announcements made by Austindo Resources Corporation N.L. during the half-year ended 30 June 2001 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those of the previous financial year and corresponding half-year.

	30.06.01	30.06.00
	\$	\$

2. OPERATING LOSS

Included in the operating loss before tax are the following items of revenue and expense:

Interest revenue	265,563	79,970
Interest expense	38,873	38,210
	=====	=====

	30.06.01	30.06.00
	\$	\$

3. ABNORMAL ITEMS

Operating loss is arrived at after (debiting)/crediting the following abnormal items (no income tax applicable):

Net unrealised foreign exchange gains/(losses)	111,731	38,663
Property, plant and equipment written off	-	(40,821)
Provision for goodwill on consolidation*	165,879	(775,459)
	-----	-----
	277,610	(777,617)
	=====	=====

* In accordance with the Joint Venture Agreement, Austindo Resources Corporation NL contributed the first US\$1,425,000 of joint venture expenditure. As such, on consolidation, goodwill arose which was referable to the other joint venturer's interest in the contributions by Austindo Resources Corporation NL. The directors have resolved not to recognise the goodwill on consolidation. Accordingly a provision has been created in respect of the other joint venturer's interest in the contributions, to date, of Austindo Resources Corporation NL (refer Note 4).

The Company met its obligation to contribute US\$1,425,000 in December 2000. The other joint venturer elected not to contribute to joint venture expenditure in 2001 and accordingly the Company's interest in the joint venture has increased to 69.35% as at 30 June 2001 in accordance with the terms of the joint venture agreement.

	30.06.01 \$	31.12.00 \$	30.06.00 \$
4. INTANGIBLE			
Goodwill on consolidation	1,157,804	1,323,683	775,459
Provision for goodwill on consolidation	(1,157,804)	(1,323,683)	(775,459)
	----- -	----- -	----- -
	=====	=====	=====
		30.06.01 cents	30.06.00 cents
5. EARNINGS / (LOSS) PER SHARE			
Basic (loss) - cents per share		(0.05)	(1.0)
Diluted (loss) - cents per share		(0.02)	(1.0)
		30.06.01 \$	30.06.00 \$
6. NON-CASH FINANCING ACTIVITIES			
Interest accrued in respect of convertible notes issued to PT Austindo Mining Corporation		13,101	11,624
		=====	=====

7. PT CIBALIUNG SUMBERDAYA

On 2 November, 1999 Austindo Resources Corporation N.L. entered into a Joint Venture (JV) agreement with International Antam Resources Limited (“IAR”), PT Aneka Tambang (Persero) Tbk and PT Antam Resourcindo (a subsidiary of IAR) to jointly explore and develop the Cibaliung Gold Project in West Java, Indonesia. Initially, the Company and IAR hold a 63% and 37% interest in the Cibaliung joint venture respectively.

In accordance with the joint venture agreement, each party is liable to contribute to the joint venture on an equity basis after Austindo Resources Corporation NL has solely funded \$2,375,000 (US\$1,425,000). The Company met its sole funding obligation in December 2000.

IAR has elected not to contribute to the Cibaliung work programme for the year 2001, and as a consequence its interest in Cibaliung has been diluted. The current JV interests are the Company 69.35% (up from 63%) and IAR 30.65% (down from 37%). The Company has effected JV expenditure of \$1,339,000 (US\$683,000) in the half year ended 30 June 2001.

8. PT EASTARA MELAWI MINERAL - LIQUIDATION

PT Eastara Melawi Mineral (a controlled entity), ceased exploration activities in October 1999, as a commercially viable gold deposit had not been located.

On 9 June 2000 it was resolved that PT Eastara Melawi Mineral be dissolved and that the appropriate steps be taken to terminate the Contract of Work with the Government of the Republic of Indonesia.

On October 24, 2000 the Company applied for the termination of the Contract of Work with the Government of the Republic of Indonesia. The Minister of Mines and Energy approved the termination in his decision letter No. 542 K/20/MEM/2001 dated April 24, 2001 effective from October 24, 2000.

Based on the resolution of the shareholders of PT Eastara Melawi Mineral dated June 8, 2001 the Company will increase the authorized and subscribed capital from US\$ 100,000 to US\$ 14,536,642 with US\$1 par value per shares, through conversion of US\$ 14,306,276 of the long-term loan to the Company and the subscription for 130,366 shares for cash. The Minister of Mines and Energy of the Republic of Indonesia has also approved this amendment. Once the legal requirements for the increase in capital are completed, the Company will hold 14,391,276 shares in PT Eastara Melawi Mineral. PT Eastara Melawi Mineral will then proceed to liquidation.

9. CONTINGENT LIABILITIES

The Directors are aware of a debenture charge registered under the Corporations Law, in favour of PT Austindo Mining Corporation, securing financial accommodation of \$900,000 provided by way of Convertible Notes. The debenture charge is in respect of the whole of the undertaking and all of the assets, present and future, of Austindo Resources Corporation NL.

As set out in Note 8, PT Eastara Melawi Mineral (a controlled entity) will proceed into liquidation. The Directors intend to continue further funding sufficient to enable PT Eastara Melawi Mineral to meet its liabilities until the completion of its liquidation. It is not presently possible to reliably estimate the amount of future funding that may be required.

10. **INDONESIAN ECONOMY**

Since the middle of 1997, many Asia Pacific countries including Indonesia are experiencing difficulties including liquidity problems, volatility in prices, and significant slowdowns in business activity. The prospect of prolonged social, political and economic uncertainty in Indonesia remains of some concern to the Company. With senior management based in

Indonesia and the involvement of PT Austindo Mining Corporation in the management of all operations, the Board of Directors is satisfied that the Company is as well placed as any to deal effectively with this situation. The bulk of the Company's cash reserves are maintained on deposit within Australia.

11. **MATTERS SUBSEQUENT TO END OF THE FINANCIAL PERIOD**

There are no matters subsequent, not otherwise reported herein, which would have a material effect on the financial position of the Company.

DIRECTORS' DECLARATION

The directors of Austindo Resources Corporation N.L. hereby declare that:

1. The financial statements and notes thereto:
 - (a) Comply with accounting standard AASB1029: Half-year accounts and consolidated accounts and the Corporations Regulations; and
 - (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2001 and of its performance for the period ended on that date;
2. In the directors' opinion, there are reasonable grounds to believe that the parent entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors this 11th day of September 2001.

(signed J. Carlile)

(signed B. Paterson)

John Carlile
Managing Director & CEO

Bruce Paterson
Director