

CIBALIUNG GOLD PROJECT UPDATE – 20 FEBRUARY 2007

The Cibaliung Gold Project is operated by PT. Cibaliung Sumberdaya, a joint venture company established between the Company and PT. Antam Tbk (“Antam”).

Cibaliung is located in Banten Province near the western tip of the island of Java, 150km south west of Jakarta. The Company’s interest in the Cibaliung Project as at 31 December 2005 stood at 89.75%.



Site Development and Erection of Gold Processing Plant

The Board has resolved to put all major works on site on hold for the time being in order to conserve cash while both funding arrangements and the approach to the development of the decline are finalised.

Erection of the gold processing plant to date had been undertaken by PT Petrosea. This work is approximately 80% complete. PT Petrosea have now demobilised from site as requested. SAG Mill installation has commenced and bearing plates have been installed. Foundations for the crusher are also 80% complete. Work will resume once appropriate funding has been resolved.

Decline Development

The Decline Development Contract has been terminated. The decline contractor is in the process of extracting its roadheader from the decline and will demobilise from site at its own cost. It is anticipated that the roadheader may be completely removed by the end of February, following which the Company will be able to resume development from this face if this is considered to be the most appropriate manner to continue mine development.

The Company’s primary technical objective is to develop an appropriate mining plan which will achieve access to the ore bodies at the earliest opportunity. Discussions are well advanced with an alternate contractor who has been on site and completed drill and blast testing.

Funding

The project has experienced significant cost pressure, primarily associated capital costs increases and with the difficulties encountered in the development of the decline.

As previously advised, the Company has fully drawn the original ANZ primary debt facility of US\$26 million and ANZ has provided an offer for an additional debt facility in the amount of US\$5 million. The Company must restructure the existing hedging arrangements with ANZ and contribute equity funds before this additional US\$5 million will become available to complete the project development.

Taking into account cost increases identified to date and the continuing cost pressure associated with the development of the decline, it is envisaged that the Company, as previously advised, will need to raise additional equity potentially in excess of US\$20 million to complete the development of the project. In this regard, the Company has appointed Austock Corporate Finance Limited which is advancing discussions with a cornerstone investor. These discussions have progressed but not to the point that definitive details, including timing of their resolution can be released to the market. The financing needs to be completed before substantive work on the project can recommence.

Furthermore the Board believes that it is in the interests of the Company and its shareholders to also explore a range of corporate alternatives in order to ensure the timely completion of the project. These alternatives include discussions with other parties at a corporate and project level. These discussions are ongoing. The Company has appointed Gryphon Partners to assist it in this respect.

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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) with an average life of mine cash operating costs of approximately US\$215 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.

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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