



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 JANUARY 2013

### 31 DECEMBER 2012 QUARTERLY REPORT

During the quarter, the Company completed the placement of 250 million ordinary shares to the Rajawali Group at \$0.20 per share to raise \$50 million. The Rajawali Group now holds a 57.12% interest in the Company.

Pursuant to the Subscription Agreement entered into between the parties:

1. Mr Peter Chambers was appointed as a Non-Executive Director and Chairman of the Company;
2. Mr Darjoto Setyawan was appointed a Non-Executive Director;
3. Mr Zhang Xiangqing resigned as a Non-Executive Director; and
4. Mr Christopher Catlow stepped down as Chairman, but remained as a Non-Executive Director.

Since completion, a number of key appointments have been made within the Company's 70% owned Indonesian subsidiary, PT Jogja Magasa Iron (JMI) to strengthen the local capabilities within that group. Mr Hendra Surya has been appointed to the role of President Director. Mr Surya is also a Director of Indo Mines Limited. A number of other Rajawali appointments have also been made into JMI in the areas of finance and community relations.

Following these appointments work has been ongoing both operationally and at Board level in reviewing the plans and operating structure of the Group based on the Company's vision to be *Indonesia's number one producer of pig iron and associated products from iron sand creating value, wealth and prosperity for the business, local community, and the country.*

A business plan for 2013 is currently being finalised that will include a phased implementation of the 2 million tonne per annum concentrate and pig iron project. The Board expects to provide shareholders with clear guidance of the plan and a timetable for implementation thereof during the quarter ending 31 March 2013.

#### **Karangwuni**

Reliability of the Karangwuni Ball mill has continued to plague the business. A detailed independent engineering review has confirmed that significant down time and capital spend is required to fix the ongoing issues. The management team has decided that its focus needs to be on the acquisition and installation of a new and reliable grinding unit as opposed to continuing with the cost and uncertainty surrounding the operation and maintenance of the existing unit.

**Enquiries:** **Martin Hacon, Managing Director & CEO**  
Telephone: +64 2163 4419