

HANDINI RESOURCES TARGETS AUGUST LISTING FOLLOWING A\$10M COAL IPO

- A\$10M IPO comprising 20M shares at 50 cents plus oversubscriptions of up to A\$5 million.
- Core asset is an operating 1.2Mtpa thermal coal mine in Sumatra, Indonesia.
- Planning well advanced to double production capacity to 2.5Mtpa within the next two years.
- Positioned to take advantage of soaring demand and strong prices for thermal coal.
- A significant proportion of the shares being offered might be placed with a major coal off-taker.

An operating thermal coal mine in Indonesia developed and managed by coal entrepreneur Mrs Ibu Ratna Handini forms the centerpiece of new A\$10 million resources IPO, **Handini Resources Limited** ("Handini Resources"), which is aiming to list on the Australian Securities Exchange later this month. The capital raising and listing will bring a significant new niche coal producer to the Australian market.

Handini Resources – which has its headquarters in Perth, Western Australia – has lodged a Prospectus with the Australian Securities and Investments Commission (ASIC) for the issue of 20 million shares at an issue price of 50 cents each to raise A\$10 million, with the facility to take oversubscriptions to issue a further 10 million shares to raise an additional A\$5 million.

While the IPO is not underwritten, major international steel and IPP companies have indicated strong interest to subscribe for a significant proportion of the shares being offered through the IPO.

The IPO brings to the public arena a unique, advanced coal asset located in Jambi Province in Sumatra, Indonesia which was acquired by Mrs Handini's private company, BRN, four years ago and developed privately as a niche thermal coal export operation currently generating strong cash flows.

Handini Resources acquired the operation through a transaction completed earlier this year with PT Nusantara Termal Coal (NTC), which holds a 30-year Concession over the mine under a Coal Contract of Work with the Indonesian Government.

This Muara Bungo Concession, which covers an area of 28.6km², has JORC Code compliant Proved Ore Reserves of 22.9 million tonnes and Probable Ore Reserves of 1.1 million tonnes, as well as Measured Resources of 31.7 million tonnes and Indicated Resources of 5.2 million tonnes.

Mining commenced in March 2006 with 1.4 million tonnes of coal produced up until December 2007. Subject to a successful capital raising, the Company is planning to double production from the current rate of 1.2Mtpa to 2.4Mtpa within a period of two years.

The proceeds of the Offer will, together with the Company's existing cash resources, predominantly be used to fund the infrastructure upgrades required to facilitate the expansion, as well as to consider new project acquisitions and ventures. In addition, Handini Resources will undertake a feasibility study on a potential mine-mouth power plant utilizing the proceeds of any oversubscriptions received.

Handini Resources' Chairman, Antony Goldfinch, said the IPO provided investors in Australia with a unique opportunity to gain exposure to a unique Indonesian business success, with the Mampun Pandan coal project having been acquired and brought into production by Mrs Handini.

"Mining operations have only commenced ramping up to significant production rates since April last year, with production prior to this having been conducted on a small scale," Mr Goldfinch said. "As such, much of the coal deposit remains relatively untouched by modern mining operations, with the geology of the deposit enabling flexible mining operations using track and excavator methods. This results in the operation remaining flexible with regard to mine planning options."

"This venture brings together an entrepreneurial Indonesian business success story with international capital and Australian mining technology and skills," he continued. "With coal prices forecast to rise further on the track of increased demand, we are confident that Handini Resources is well positioned to capitalize on the opportunities presented."

Handini Resources currently has 28 million shares, with 138 million shares to be issued to the project vendor, 30 million offered to the public through the current Prospectus and a further 10 million issued to other vendor interests. At completion of the IPO, assuming full subscription, the Company will have 214 million shares on issue. The Company also proposes to undertake a non-renounceable entitlements issue of options on a one-for-two basis at an issue price of 1 cent each within 12 weeks of listing.

Demand for high-quality thermal Indonesian coal is forecast to continue to strengthen significantly, with strong demand particularly from China and India. The Argus/Coalindo Indonesian Coal Index Report of 11 July 2008 showed strong weekly average ICI™ prices for 6,500 Kcal and 5,800 Kcal coal at US\$146.60 per tonne and US\$111.86 per tonne respectively.

A recent forecast by Macquarie Equities predicts that global coal prices will continue to soar due to ongoing structure/demand imbalances in both the short and long term. The recent increase in spot and contract market prices for thermal and coking coal are a result of the stronger than expected demand in 2007/08 and significant production losses in many coal producing areas, particularly Australia.

“Delays in bringing on new capacity along with large potential upside to both Chinese and Indian imports are expected to keep markets at high for several years to come,” Mr Goldfinch commented. “The coal price outlook is improving for both the short and medium term, with upside potential to forecasts remaining, especially in 2010-2010, if stronger than current assumptions and if supply growth continues to be slower.”

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Important Notice: The offer of the securities in Handini Resources Limited is made in a Prospectus. Anyone wishing to acquire the securities will need to complete the application form accompanying the Prospectus.