



18 January 2016

The Manager Announcements
Company Announcements Office
ASX Limited
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MARKET UPDATE

The Company has seen a continuing deterioration in its core markets and would like to provide an update on its activities and short term strategy.

SOLOK IRON ORE PROJECT

In February 2015, the Company executed an MOU with Krakatau Steel TBK for the supply of iron ore from the Company's Solok mine. Due to the falling commodity prices, Krakatau Steel have temporarily stopped production at its Blast Furnace in Cillegong, Java and it is not known when production and therefore purchasing of iron ore will recommence.

Additionally under Indonesian Mining law, Iron Ore cannot be exported.

As a result, the Company has temporarily suspended operations under the Solok project until there is a market for its iron ore resources.

MERATUS JAYA IRON & STEEL (MJIS)

As a result of falling commodity prices, to assist in selling of the Company's iron ore, the Company entered into agreements to supply MJIS with iron ore and coal and will in return sell its finished product, sponge iron. The Company is currently in talks with a number of potential end users of this product both within Indonesia and throughout Asia, and if successful will have a steady customer for its iron ore.

However, with the decline in global commodities these discussions and negotiations are taking substantially more time than first anticipated.

PAINAN COAL PROJECT

Despite substantial discussions, due to the current depressed coal price, the Company has not been able to make any progress on this project.

Due to the current trading difficulties the Company has stopped all expenditure, including salaries.

The Company has confidence that its core business is still able to be developed and will provide future cash flow and profits. The Company is also in discussions with a number of parties for the acquisition of other assets that will provide a positive upside to the business.

The Company is in negotiations with certain parties for funding to be provided to allow these discussions and plans to be finalized. All creditors of the Company are currently being contacted to seek their support and to seek agreements regarding the outstanding amounts.

The Company will keep the market informed regarding the progress of these discussions.