



HANDINI RESOURCES LIMITED
ABN 40 115 095 264

PRODUCTION AND EXPLORATION REPORT
For the quarter ended
31 December 2008

Highlights

- Successfully listed on the ASX on 23 October 2008 with 6.8 million shares subscribed at 50 cents raising a total of \$3.4 million.
- Core asset is an operating 1.5Mtpa thermal coal mine in Sumatra, Indonesia.
- Exploration permit issued for Tabalong Project covering an area of 2,056 hectares in Kalimantan and highly prospective for coal.
- Drilling has commenced on Tabalong project with promising preliminary drilling results.

INTRODUCTION

Handini Resources Limited ("HRL" or "the Company"), was successfully listed on 23 October 2008 with the subscription of 6.8 million shares raising a total of \$3.4 million.

The Company acquired, effective 17 October 2008, its coal mining operation by the acquisition of 100% of China Time International Limited which delivered ownership of a 60% interest in PT Nusantara Termal Coal (NTC), which holds a 30-year Concession in Muara Bungo, in Jambi Province, Sumatra under a Coal Contract of Work with the Indonesian Government.

This Muara Bungo Concession, which covers an area of 28.6km², has JORC compliant reserves as detailed in the Company's July 2008 prospectus, which can be accessed on the Company's website (www.handiniresources.com).

Mining originally commenced in March 2006 with more than 2 million tonnes of coal being produced up until December 2008.

MINE PRODUCTION

MUARA BUNGO CONCESSION

Coal Production July to December 2008

July	Aug	Sep	Oct	Nov	Dec	Total (Mt)
221,578	194,849	200,043	21,970	-	-	<u>638,440</u>

The monthly coal tonnage was steady up until October at which time the mine was temporarily closed for the rainy season. This rainy season closure afforded NTC management the opportunity, assisted by the Department of Energy and Mineral Resources (DEMUR) to review the current sub contract arrangements for the mining operations. As a result of this review new mining agreements will shortly be signed by NTC, in a move which, it is hoped, will deliver greater mine efficiencies and performance.

It is anticipated that mining will re-commence at the end of the rainy season in mid-February, subject to DEMUR being satisfied with the measures that have been taken and will be taken. Budgeted production over the next 12 months is 1.5 million tonnes.

The Company has extended a working capital loan of \$1 million to NTC.

EXPLORATION

TABALONG PROJECT

The Company (via its proposed 100% owned subsidiary, PT Tabang Mineral Ventures (TMV)) has entered into a Memorandum of Understanding (MOU) with PT Global Multi energy (GME) whereby HRL shall provide project funding to GME to explore and ultimately develop a new

mine in Kalimantan. In this regard the Company has extended an advance of \$1.1 million to TMV to finance its activities.

GME has been granted a coal exploration permit over the area, which is located in Kalimantan Selatan. The permit area has good accessibility via existing logging tracks or by sea through the Makasar Strait.

Exploration

Initial exploration has found 32 coal surface outcrops with thicknesses ranging from 5 cm to 1.3 metres. An initial drilling programme has also commenced with 17 cores completed to date with a maximum depth of 36 metres for a total of 500 metres. 8 cores contain coal with thicknesses between 0.27 metres and 2.98 metres.

The drilling completed to date has covered only a small portion of the outcropped area. Further detailed drilling of depth ranges from 500 to 1,000 metres, especially *on strike* coal seams will be carried out over the coming months to establish the coal distribution in the entire exploration area of 2,056 hectares.

Six samples have been analysed from the initial drilling programme, as well as some random outcrop samples. The results indicate the coal is of a high quality in excess of 6,000 GCV/kg.