



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 29 OCTOBER 2010

QUARTERLY REPORT TO THE AUSTRALIAN SECURITIES EXCHANGE FOR THE PERIOD ENDING 30 SEPTEMBER 2010

Highlights:

- Experienced iron and steel executive Mr Martin Hacon commenced his role as Managing Director and Chief Executive Officer of the Company.
- New board and management team have broadened the Company's strategic focus to become the raw materials supplier of choice to Indonesia's growing steel industry and a supplier to the wider Asian metals industry.
- Feasibility study commenced on the production of saleable iron sands product from the Jogjakarta Iron Project with the strategic aim of securing early cash flow, ahead of pig iron production.
- Draft environmental impact assessment scoping document for the Iron Project (KA-AMDAL) was presented to the AMDAL Review Commission.
- Production commenced at the Mangkok Coal Project in Kalimantan at a rate of 20,000 tonnes of high quality thermal coal per month.
- Mr Don Hunter commenced as the Company's new Country Manager based in Indonesia and will be responsible for overseeing the feasibility study and development of Jogjakarta Iron Project and coal operations of the Company.
- Company placed 17.5 million ordinary shares at \$0.20 each to institutional and sophisticated investors to raise \$3.5 million before costs.

Enquiries:

Martin Hacon – Managing Director & CEO

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Shane Cranswick – Company Secretary & CFO

Contact Details: Telephone: +61 8 9322 1825

Corporate and Strategic

Mr Martin Hacon joined the Company as Managing Director and CEO. Mr Hacon has a distinguished career spanning 32 years in the steel industry including the past 23 years with New Zealand Steel Limited, a wholly owned subsidiary of Bluescope Steel Limited of Australia.

New Zealand Steel is a dedicated steel producer based in Auckland, New Zealand, mining iron sands from its 2 coastal mine sites as its raw material. It is also a significant exporter of iron sands, largely into the China market.

Mr Hacon has had an immediate impact in redefining the Company's strategy and operational objectives including the investigation of generating early cash flow, with a materially reduced capital cost, from the Iron Project through the production of iron sand concentrate. The Company is currently engaged in discussions with a number of groups and potential strategic partners in relation to both concentrate and pig iron offtake arrangements.

The Company continues to assess opportunities to add value to the business and expand the range of commodities it will supply to the Indonesian and wider Asian steel industries.

During the quarter the Company completed a placement of 17.5 million ordinary shares at \$0.20 each to institutional and sophisticated investors to raise \$3.5 million before costs.

The Company engaged StoneBridge Group to act as lead manager for the placement.

Funds raised from the placement, which was significantly oversubscribed, will be used to accelerate the feasibility study of the Iron Project, and to provide general working capital.

Jogjakarta Iron Project

The development of the Jogjakarta Iron Project ("Iron Project") continued during the quarter with the major focus continuing on the environmental and community aspects of the Feasibility Study.

- The Management Team has commenced a feasibility study investigating the production of iron sand concentrate from the Company's significant deposit held under a Contract of Works. The Iron Project is located 30 kilometres from the major city of Jogjakarta. The study is focussed on initial production of 2 million tonnes of iron sand concentrate which would allow the Company to generate early cash flow prior to commencing pig iron manufacture.
- A draft of the environmental impact assessment scoping document (KA-AMDAL) compiled during the year was presented to the AMDAL Review Commission in early August 2010. Following receipt of the Commission's responses in the latter part of August, the Company's environmental consultants have been revising the document to address preliminary comments and incorporate feedback prior to a formal review in October 2010. The Company is working closely with all stakeholders and anticipates receiving environmental approval to proceed with the full feasibility study before the end of the calendar year.
- The Company commenced a recruitment process to strengthen the Indonesia based management and technical teams to expedite the feasibility study for the Iron Project and deliver on the company vision.

- The Company continued the process of community engagement in conjunction with our local joint venture partner, local government and community groups. The program has focussed on broadening the understanding of how the proposed mining process will impact key stakeholders and the benefits derived from the Iron Project in terms of new job opportunities, improved infrastructure, medical and training facilities and other investment directly into the local community.

Mangkok Coal Project

Coal production commenced at the Mangkok Coal Project during the quarter, marking an important milestone for the Company. The open-cut mining operation is located in South Kalimantan, a major coal producing region of Indonesia.

The Company revised its initial production target to 30,000 tonnes per month of high quality thermal coal as a result of logistical complexities. Exploration is continuing across other significant coal opportunities both in the region and other locations across Indonesia.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

INDO MINES LIMITED

ABN

40 009 245 210

Quarter ended ("current quarter")

30 SEPTEMBER 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,109	1,109
1.2 Payments for (a) exploration & evaluation	(736)	(736)
(b) development	-	-
(c) production	(1,852)	(1,852)
(d) administration	(290)	(290)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(2)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,766)	(1,766)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(116)	(116)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(116)	(116)
1.13 Total operating and investing cash flows (carried forward)	(1,882)	(1,882)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,882)	(1,882)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,500	3,500
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - share issue costs	(37)	(37)
Net financing cash flows		3,463	3,463
Net increase (decrease) in cash held		1,581	1,581
1.20	Cash at beginning of quarter/year to date	1,004	1,004
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,585	2,585

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	116
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions
 Payments include executive remuneration and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable.

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	1,200
4.4 Administration	300
Total	2,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,583	932
5.2 Deposits at call	1,002	72
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,585	1,004

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		

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Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i> Converting performance shares				
-Class A	20,000,000	Nil	Nil	N/a
-Class C	15,000,000	Nil	Nil	N/a
-Class D	20,000,000	Nil	Nil	N/a
-Class E	20,000,000	Nil	Nil	N/a
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	180,696,646	180,696,646		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	17,500,000	17,500,000	\$0.20	Not applicable
7.5 +Convertible debt securities <i>(description)</i> - Senior Secured Convertible Debenture with Anglo pacific Group plc	US\$4,000,000			

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	-Unlisted Options	1,550,000	-	\$1.20	30 November 2010
	-Unlisted Options	1,500,000	-	\$0.75	31 December 2010
	-Vendor Options	2,000,000	-	\$0.20	1 October 2014
	-Vendor Options	1,000,000	-	\$1.20	1 March 2014
	-Incentive Options	7,200,000	-	\$0.30	30 November 2011
	-Incentive Options	7,200,000	-	\$0.30	31 December 2011
	-Incentive Options	7,200,000	-	\$0.30	30 June 2012
7.8	Issued during quarter				
	-Incentive Options	7,200,000	-	\$0.30	30 November 2011
	-Incentive Options	7,200,000	-	\$0.30	31 December 2011
	-Incentive Options	7,200,000	-	\$0.30	30 June 2012
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:Date: 29 October 2010

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

(~~Director~~/Company secretary)

Print name: Shane Cranswick

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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