



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 31 JANUARY 2012

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## 31 DECEMBER 2011 QUARTERLY REPORT

### **Jogjakarta Iron Project**

#### ***Key Appointments***

The Company appointed highly experienced iron sand mining expert, Mr Michael O'Connell as President Director and finance executive, Mr Craig Fogarty as Finance Director, of its 70% owned Jogja Magasa Iron (JMI).

Mr O'Connell has had in excess of 35 years experience at New Zealand Steel, the only company in the world producing steel products from iron sand. He is regarded as one of the most experienced iron sand mining and operations experts in the world.

Mr Fogarty has over 30 years experience in the finance and accounting sector including six years at New Zealand Steel where he held a number of senior finance positions and gained experience in iron sand mining and mineral processing plus iron and steel manufacturing businesses. He has also held the role of chief financial officer with a number of manufacturing and telecommunications businesses, including offshore entities. His vast experience and knowledge of system implementation will be an enormous asset to the business.

#### ***Other***

Exploration has continued across other significant coal opportunities both in the region and other locations across Indonesia, with a focus on meeting the coal requirements for the Company's Jogjakarta Iron Project.

### **Mangkok Coal Project**

The Company finalised agreement for the sale of its interest in the Mangkok Coal Project located in South Kalimantan, Indonesia to a private Indonesian group during the quarter.

Pursuant to the agreements entered into:

- the Company has received US\$1.6 million cash;
- the purchaser has assumed all liabilities relating to the Project with effect from 1 September being approximately US\$2.7 million; and
- the purchaser will pay to the Company a royalty for production in excess of 450,000 tonnes at the rate of US\$6/tonne, to a maximum of 850,000 tonnes (estimated at US\$2.4 million).

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## Corporate

The Company entered into an agreement with the Rajawali Group, a large Indonesian group with diverse interests that encompasses a \$13.2 million placement.

Under the agreement, the Rajawali Group will acquire a 19.9% strategic holding in the Company through the issue of 57.3 million shares each at \$0.23 per share (**Placement**).

The significant cash injection from the Rajawali Group provides cornerstone funding to the Company to assist in completing construction and commissioning of the demonstration plant at Karawuni, additional testwork required for development of the iron sands project and completion of project finance due diligence.

The Rajawali Group is an investment holding company with core operations in hospitality, plantations, mining and minerals, including coal, infrastructure and transportation. Its combined portfolio is estimated to be in excess of US\$2 billion.

The Placement is conditional on approval by the Rajawali Group board on or before 15 January 2012, Indo Mines shareholder approval on or before 15 February 2012 and there being no significant adverse change after receipt of the Rajawali Group Board approval and prior to completion of the Placement.

As at the date of this report:

- the Company has received confirmation that the Rajawali Group board has approved it proceeding with the Placement; and
- Indo Mines shareholder approval was obtained at a General Meeting held on 30 January.

Subject to there not being any significant adverse change, completion is expected to occur on Monday, 6 February.

**Enquiries:**

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