



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 21 MARCH 2012

INDONESIAN MINING REGULATIONS

Indo Mines Limited (ASX: IDO) (**Company** or **Indo Mines**) provides the following update after consultation with its Indonesian legal advisors regarding the impact of the recent issuance of Government Regulation 24/2012 on PT Jogja Magasa Iron (**JMI**).

The advice has confirmed that the new regulations have no direct application to JMI, in view of the fact that JMI is a holder of a Contract of Work, and does not hold a Mining Business Licence (commonly known by their Indonesian acronym, "IUP").

For companies holding Contracts of Work, such as JMI, there are provisions within the 2009 Mining Law which contemplate the Indonesian Government entering into negotiations with the Contract of Work holders with a view to making amendments to those contracts to align them with the new mining law regime applicable to IUP holders.

JMI's Contract of Work (**COW**) was originally negotiated with the Indonesian Government at the same time the 2009 Mining Law principles were being formulated, thus aligning the COW to the intent of the Mining Law. The Company is expecting that any changes to the COW will not materially affect the business or operation of JMI.

Specifically in relation to the divestment provisions, the Government's previous position was to defer the application of the then 20% divestment requirements until the end of the life of the Contract of Work (at which time, if the Government agreed to grant a further extension to the mining activities, the Contract of Work would be replaced with an IUP). If the Government maintains this stance during the upcoming round of Contract of Work negotiations, JMI's obligations in relation to divestment during the first 30 years of production will remain as per the original terms of the Contract of Work.

The Company continues to take advice and will carefully monitor the situation with its local partner, who owns 30% of JMI.

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