

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 22 May 2012

FIRST PRODUCTION FROM TRIAL FACILITY

Indo Mines Limited (ASX: IDO) (**Company** or **Indo Mines**) is pleased to announce that its joint venture company, PT Jogja Magasa Iron (JMI) has commenced operations at its trial iron sand mining and processing facility located at Karangwuni, Jogjakarta.

Following commencement of mining and commissioning of the primary concentrate plant (PCP) in April, the plant has performed well demonstrating stable operations. Product from the PCP, which to date totals >25,000 tonnes, has been stockpiled for use as the feedstock to the secondary concentrate plant (SCP).

The SCP has now completed commissioning and product from the primary stockpile successfully processed through the circuit to produce finished iron concentrate. To maximise throughput and increase efficiency a second primary concentrate plant is currently being installed, consolidating output of finished iron concentrate at 25,000 tonnes per month.

Iron concentrate is an intermediate product used in the production of pig iron to produce quality steel products. Production from the trial facility will be used for test work purposes in developing the appropriate process route for the development of the downstream pig iron project.

Managing Director Martin Hacon said: "This is a very exciting and important milestone for Indo Mines and JMI in enabling large bulk samples of concentrate to be converted to iron in off shore facilities, providing invaluable information on our specific resource in the final design and development of our own iron making facilities. The plant will also provide a fabulous training opportunity for the future staff and employees of JMI. I am delighted and it is a credit to everyone involved in the Company and the community."



Figure 1 – Mining activities

Figure 2 – Magnetic separation

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