



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 18 MAY 2010

COAL MINING OPERATIONS TO COMMENCE AND \$4 MILLION COAL PREPAYMENT AGREEMENT SECURED

The Directors of Indo Mines Limited (“Indo Mines” or “Company”) are pleased to announce that coal mining operations will commence shortly at the Mangkok Coal Project in South Kalimantan and Fireside Resources Ltd (“Fireside”) has secured a \$4 million (US\$3.6 million) prepayment towards the purchase of 300,000 tonnes of high quality thermal coal. The coal is to be delivered from August 2010 in 50,000 tonne shipments and the prepayment will be received by Fireside in 3 tranches, upon the achievement of certain operational milestones.

As previously announced, the Company has entered into a conditional agreement to acquire Fireside, an unlisted Australian public company, which holds the rights to the Mangkok Coal Project, as well as a number of other resource assets in the Republic of Indonesia. Refer the Company’s ASX release dated 27 January 2010 for further details of the proposed transaction.

Managing Director of Indo Mines, Mr Phil Welten, said “The prepayment will be used to facilitate the development of the Mangkok Coal Project, including the mobilisation of the mining fleet, with mining operations expected to achieve coal production of 10,000 tonnes in May and 25,000 tonnes in June 2010”.

Following the decision to commence mining and upon the completion of the above transaction, subject to Shareholder approval at the General Meeting on 21 May 2010 and settlement thereafter, the achievement of these two milestones will result in the Company issuing to Fireside shareholders an additional 34.4 million Indo Mines shares.

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