



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 MARCH 2011

### Progress Update for the Jogjakarta Iron Project

- *Confidentiality Agreement signed with Japan's Mitsui exploring future pig iron development;*
- *Land acquisition to enable establishment of plant and equipment for trial mining;*
- *Negotiations well advanced with plant and equipment suppliers;*
- *Discussions with a number of potential long-term off-take partners continue;*
- *MoU signed with PT Tri Mitra Bayany to explore and develop mineral assets with initial emphasis on coal to support future iron making requirements;*
- *Indo Mines on target to produce 2 million tonnes of iron concentrate annually from its Iron Project by mid-2012 ahead of a potential pig iron development.*

The Directors of Indo Mines ("**Indo Mines**" or "**Company**") are pleased to provide an update on recent activities undertaken to implement the accelerated development plans for the Jogjakarta Iron Project ("**Iron Project**") and to deliver on the Company's vision of being the preferred supplier of raw materials to the growing Indonesian and Asian steel industries.

In line with Indo Mines' long-term goal of being a leading, low cost pig iron producer, it has entered into a Confidentiality Agreement with the leading Japanese Trading House Mitsui to explore the future development of a pig iron facility at the Iron Project. This agreement follows the recent appointment of leading minerals and metals technology company Outotec to complete the feasibility study, process evaluation and plant design of the Jogjakarta Pig Iron facility.

The Company has also, through its joint venture company Jogja Magasa Iron ("**JMI**"), entered into an agreement to acquire a strategic parcel of land at the west end of the Contract of Works area to locate plant and equipment required for the production of commercial trials of iron concentrate.

Indo Mines has previously outlined plans to produce commercial trial volumes of concentrate from the Iron Project by the end of June this year and remains confident of meeting this timeline.

A comprehensive sampling program has been completed to enable the specific location of the plant to be determined, and a site plan has been developed in conjunction with the local government and community. A number of sources of plant and equipment have been identified and negotiations are well advanced.

Concurrently the Company is continuing to progress negotiations with a number of potential long-term customers to secure off-take arrangements for both the trial phase and full-scale production of iron concentrate.

Following extensive discussions, the Company has signed a Memorandum of Understanding with PT Tri Mitra Bayany ("**Tri Mitra**"), a highly respected Indonesian conglomerate with significant mineral holdings as well as interests in oil and gas, power generation, and property development. Tri Mitra and Indo Mines have agreed to work together in exploring and developing mineral assets in Indonesia with initial emphasis on coal to support Indo Mines future iron making requirements. The relationship brings together the local expertise of Tri Mitra in identifying and securing potential mineral assets, with Indo Mines expertise in assessing and developing mineral assets, potentially expediting quality assets to production.

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Indo Mines is aiming to produce 2 million tonnes of iron concentrate annually from the Iron Project by mid-2012 ahead of a potential pig iron development. The Company believes it can be one of the world's lowest cost producers of iron concentrate and pig iron from the Iron Project.

Indo Mines Managing Director and CEO, Mr Martin Hacon, said: "These developments are further steps forward in the Company's rapid progress to develop quality mineral assets to enable Indo Mines to become the supplier of choice to the growing Indonesian and Asian Steel and Metals Industry.

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