



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 17 DECEMBER 2008

\$5 MILLION FUNDING SECURED

Indo Mines Limited (ASX: IDO) is pleased to announce that it has executed a term sheet with Anglo Pacific Group PLC for an A\$5 million (US\$3.25 million) financing facility. The funds from this facility will be used for:

- *Continuation of the Feasibility Study works, including environmental and social studies, metallurgical testing, infrastructure planning and marketing research.*
- *Acquisition of additional iron sands properties.*
- *Securing a coal supply through either an off-take agreement or outright acquisition of a resource.*

The Managing Director of Indo Mines, Phil Welten, said "This is an extremely pleasing result for the Company and shareholders. This raising, given the current market conditions, underscores the quality of the Project.

Indonesia is now well established as a low cost producer of bulk commodities providing the Project with an inherent competitive advantage to supply liquid iron well below current market rates.

Having secured the first Indonesian Contract of Works in 10 years, we now have a very exciting 2009 ahead of us as we continue to progress the Project's development and look to substantially increase it in scale."

The Conversion Price for the A\$5 million facility is A\$0.50 per share and carries a coupon of 8% per annum, payable quarterly in arrears. The coupon is payable via the issue of Indo Mines ordinary shares, based on a 10% discount to the 30 day volume weighted average price, or by cash at the discretion of Indo Mines.

The facility will be provided under the following conditions:

- Indo Mines has agreed to grant a 2% net smelter royalty over its attributable portion of the liquid iron or iron sand concentrate sales produced through the Jogjakarta Liquid Iron plant until the facility has been repaid, following which the royalty will reduce to 1%;
- repayment of this facility is only through payment of the royalty with the loan principle to be reduced by the royalty payments;
- a coupon rate of 8.0% is payable on the reducing outstanding principle each year;
- security is to be provided by registration of the Company's interest in the Indonesian subsidiary;
- a right will be granted to convert any outstanding principle to shares at 50 cents per share at the discretion of Anglo Pacific Group;
- if the principle is converted to shares, the royalty arrangement ceases;
- the facility will be subject to due diligence being conducted by Anglo Pacific Group PLC; and
- the facility will be subject to shareholder approval where appropriate.

Anglo Pacific Group PLC (LSE: APF, ASX: AGP) specialises in developing royalty flows through investments in strategic listed and unlisted mineral exploration and production opportunities. In addition to coal, gold and uranium royalties, Anglo Pacific Group plc owns strategic interests in coal, energy, iron sands, gold, diamond, base metals, and PGM mining projects. It is the Group's policy to actively support the management of these projects with the necessary resources to create value for shareholders.

The facility has a provision for an A\$500,000 advance (US\$325,000), subject to normal commercial conditions, to enable Indo Mines to continue with its Feasibility Study program.

Final drawdown under the facility is subject to a range of conditions precedent including completion of definitive documentation. Documentation is well advanced and is expected to be finalised in Q1 2009.

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