



QUARTERLY REPORT TO THE AUSTRALIAN SECURITIES EXCHANGE FOR THE PERIOD ENDING 31 MARCH 2009

The Board of Indo Mines Limited ("Indo Mines") is pleased to present its Quarterly Report for the period ending 31 March 2009. Progress continues on the development of the Company's Jogjakarta Pig Iron Project ("Project") in Indonesia including:

- *On 23 March 2009, the Company advised that an update of the Scoping Study undertaken by ProMet Engineers Pty Ltd ("ProMet") has re-confirmed the economic viability and cash flow potential of the Project. The revised Scoping Study shows an NPV ranging from US\$566 million (A\$859 million) to US\$847 million (A\$1.3 billion) assuming sales at US\$300 to US\$350 per tonne for pig iron respectively from the production of 1 million tonnes per annum. The low operating cost of US\$149 per tonne arising from a combination of producing a cheap iron concentrate and the low cost of domestic thermal coal means that the operating cost is well within the lowest cost quartile of worldwide pig iron production.*
- *The Company continued to progress the socialisation programme for the development of the Project. In conjunction with its local joint venture partner, Indo Mines presented to the local government and community outlining how the proposed mining process will impact on them, and the potential benefits derived from the Project in terms of job opportunities, improved infrastructure, medical and training facilities and other investment directly back into the local community.*
- *The Company progressed the formal documentation and due diligence in relation to the term sheet with Anglo Pacific Group PLC for an A\$5 million (US\$3.25 million) financing facility (conversion price of \$0.50 per share), with funds from this facility to be used to continue the Feasibility Study works, including environmental and social studies, metallurgical testing, infrastructure planning and marketing research and the acquisition of additional iron sands properties.*

Activities for the coming months include:

- *Upon completion of the documentation for the financing facility from Anglo Pacific Group, the Company will continue with the acquisition of additional iron sands properties and MOU's for Project infrastructure;*
- *Continue with the Social and Environmental studies for the Project;*
- *Continue to review the gravels resource, cut-off grades and potential improvement in recoveries to increase the potential reserve available for processing with the aim of increasing overall process plant output.*

Enquires:

*Phil Welten – Managing Director
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DEVELOPMENT PROJECTS - INDONESIA

JOGJAKARTA LIQUID IRON PROJECT (Indo Mines: 70%) Jogjakarta, Indonesia

1. Revised Scoping Study

As the original Scoping Study for the Project was completed in May 2007, the Company engaged ProMet to confirm the Project's economics utilizing the current market parameters and including the new conditions as set forth in the recently granted Contract of Work ("CoW").

Key considerations in the revised scoping study were throughput rate, project longevity, infrastructure and community development impacts. The revised minimum project life was increased from 20 years up to 30 years.

Life of Mine	Minimum 30 years
Ore Mining Rate	5 – 10 million tpa
Annual Pig Iron Production	1 million tpa
Coal Price	US\$55 / tonne
Power	US\$40 MWh

At a mining rate of 9 million tonnes of iron sands per annum the Project will support a mine life in excess of 30 years at a production rate of 1 million tonnes of pig iron per annum with an operating cost of US\$149 per tonne. At a spot price of US\$300 (current spot prices range from US\$270 - US\$365) the Project has the potential to generate average operating cash flows of US\$140 million per annum. Pig iron demand and supply projections within Indonesia and its adjacent markets indicate a stable price will continue for some years, with demand likely to increase with the availability of this cheaper domestic supply.

With a capital cost of US\$582 million (determined to a nominal accuracy of $\pm 30\%$) the project shows an IRR of 22% with an NPV (at a 10% discount rate) in excess of US\$566 million, at US\$350 per tonne the NPV rises to US\$847 million.

2. Socialisation Programme

The Company continued its socialisation programme during the quarter, liaising with local communities and government detailing how the proposed mining process will impact on them. The mine will impact approximately 200 ha of the 3000ha property per year, on site processing of the iron sands will only extract about 6-8% of the total sand mass - the rest of the material is returned to the beach for reclamation and rehabilitation. The Company has legal agreements in place committing them to providing support before, during and after mining guaranteeing that the farmers will not be adversely affected by mining.

Indo Mines has also commenced a project in conjunction with a local University in Jogjakarta to develop more cost effective and productive cropping solutions on the rehabilitated mine areas, as well as creating arable farming land from the 1500 hectares of barren sand dunes within the Project site.

3. \$5 Million Funding

As previously advised, the Company 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 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.

Final drawdown under the remainder of the facility is subject to a range of conditions precedent including completion of definitive documentation and due diligence by Anglo Pacific Group PLC. Documentation is well advanced and is expected to be finalised in the June quarter. An additional advance of A\$470,000 has been provided by Anglo Pacific Group PLC subject to normal commercial conditions, which has enabled Indo Mines to continue with its Feasibility Study program in the interim.

4. Bankable Feasibility Study

The Company has continued to progress the Bankable Feasibility Study (BFS). The BFS will cover the following major areas:

1. Hot Metal Processing Flow Sheet Development and Detailed Engineering;
2. Mining, Concentrator and Infrastructure design;
3. Environmental & Social Impact Assessments;
4. Detailed financial modelling;
5. Market research;
6. Port and Shipping requirements;
7. Rail Transport; and
8. Power and oxygen supply.

Outotec are conducting reduction and smelting tests in their European facilities with a 50 tonne concentrate sample from the Jogjakarta Pilot Plant and 130 tonnes of low quality thermal coal similar to the material that will be sourced for the Project. Based on the flow sheet developed from this test work Outotec will then complete the full engineering design for the pig iron DRI and smelting plant.

Upon completion of the reduction and smelting test work, GR Engineering Services will detail the mining, concentrator and infrastructure requirements, to enable finalisation of the engineering design.

URS has commenced both the environmental and social impact assessments.

Market research, power and oxygen supply, and logistics infrastructure consultants will be engaged in the coming months.

5. Environmental and Social Studies

URS is continuing with the environmental and social impact studies for the Feasibility Study, including the AMDAL study that is required by the Indonesian Government. The environmental and social studies are due for completion in 2009.

6. Land Acquisition

On completion of the \$5 million fund raising, the Company will pursue additional land with a target of a three to five fold increase in potential tonnage across its iron sands tenements. The Company hopes to expand its resource base with a view to increasing overall output through the construction of additional plants.

EXPLORATION PROJECTS

GRAHA THERMAL COAL PROJECT East Kalimantan, Indonesia

During the quarter, the Company announced it had signed a Letter of Intent (“LOI”) to form a Joint Venture to develop the Graha Thermal Coal Project (“Graha Project”) in East Kalimantan, Indonesia. In undertaking its detailed due diligence of the Graha Project, the Company determined that there were several issues that were unlikely to be resolved in a timely manner to the Company’s satisfaction and as such would not be proceeding with the proposed Joint Venture.

The Board continues to review opportunities for other acquisitions, joint ventures, or investments in the resources sector, with the potential to integrate into the Company’s Jogjakarta Liquid Iron Project and enhance shareholder value.

NANGALI GOLD PROJECT (Terrace Gold: 30%) Huancabamba District, Northern Peru

The Company notes that Compass Resources NL, the 70% joint venture partner in the Nangali Gold Project, has entered into voluntary administration. The Company, through its subsidiary Terrace Gold NL, continues to liaise with the appointed administrator to determine the most appropriate way forward for the Nangali project.

The information in this report that relates to Exploration Results and Mineral Resources of the Jogjakarta Pig Iron Project is based on information compiled by Mr Philip Welten, who is a member Australian Institute of Mining and Metallurgy. Mr Welten is a full-time employee of Indo Mines Limited. Mr Welten has sufficient experience, which is relevant to the style of iron ore mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Welten consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

INDO MINES LIMITED

ABN

40 009 245 210

Quarter ended ("current quarter")

31 MARCH 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(413)	(2,316)
(b) development	-	-
(c) production	-	-
(d) administration	(116)	(373)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- Business development	(39)	(39)
Net Operating Cash Flows	(566)	(2,693)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
- refund of security deposits	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(566)	(2,693)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(566)	(2,693)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	470	970
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - capital raising expenses	-	-
	Net financing cash flows	470	970
Net increase (decrease) in cash held			
		(96)	(1,723)
1.20	Cash at beginning of quarter/year to date	416	2,043
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	320	320

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include executive remuneration and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	970	970
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	230	326
5.2 Deposits at call	90	90
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	320	416

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	80,731,745	80,731,745	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
- Unlisted Options	450,000	-	\$0.20	31 July 2009
- Unlisted Options	10,000,000	-	\$0.20	30 June 2010
- Unlisted Options	1,050,000	-	\$0.90	30 November 2009
- Unlisted Options	1,050,000	-	\$1.20	30 November 2010
- Incentive Options	1,250,000	-	\$0.35	31 December 2009
- Incentive Options	1,250,000	-	\$0.45	30 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 28 April 2009
(~~Director~~/Company secretary)

Print name: MARK PEARCE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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