



**QUARTERLY REPORT TO THE AUSTRALIAN SECURITIES EXCHANGE FOR THE  
PERIOD ENDING 30 JUNE 2009**

*The Board of Indo Mines Limited ("Indo Mines") is pleased to present its Quarterly Report for the period ending 30 June 2009. Progress continues on the development of the Company's Jogjakarta Pig Iron Project ("Project") in Indonesia including:*

- On 16 June 2009, the Company advised that it had settled the A\$5 million (US\$4 million) financing facility with Anglo Pacific Group PLC. 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. Completion of the financing facility is conditional on shareholder approval and the Company expects to issue a Notice of General Meeting in the near future.*
- The Company commissioned CRU Group, an independent metals and mining consultancy group, to provide iron making cost data for 2007 and 2008. Using information from 113 plants, located in over 20 countries across 6 continents, the data incorporates all operating costs in the iron production process up to and including the production of hot metal. Based on both 2007 and 2008 average costs, US\$257/tonne and US\$368/tonne respectively, Indo Mines would be one of the lowest cost producers of iron globally.*
- The Indonesian Minister of Energy and Mineral Resources signed a Ministerial Decree confirming that the Contract of Works (CoW) for the Jogjakarta Pig Iron Project had progressed into the Feasibility Stage.*
- The Company continued to progress the socialisation programme for the development of the Project with workshops being held with the various community and local government groups.*

*Activities for the coming months include:*

- Continue with the Social and Environmental studies for the Project;*
- Continue to review the gravels resource, cut-off grades and 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. Iron Making Cost Curves

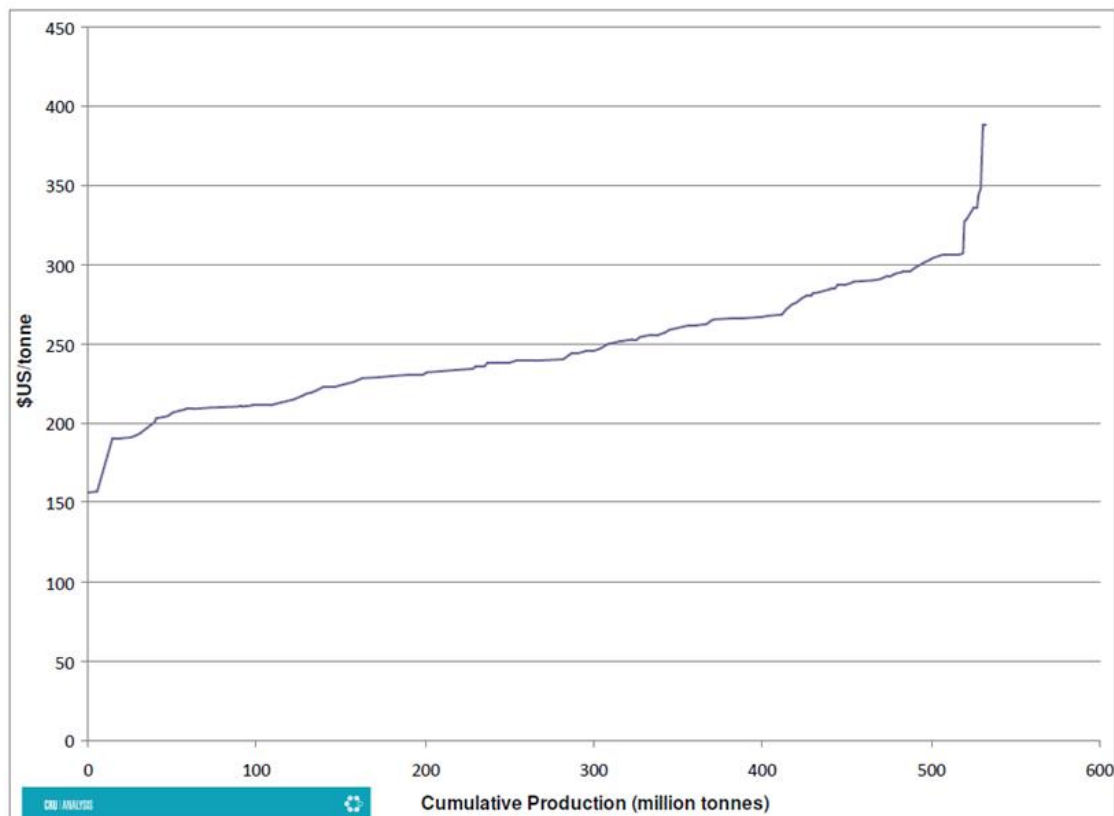
The Company recently commission CRU Group to provide iron making cost data for 2007 and 2008. Using information from 113 plants, located in over 20 countries across 6 continents, the data incorporates all operating costs in the iron production process up to and including the production of hot metal.

The average cost in 2007 was US\$257/tonne (median: US\$256/tonne). In 2008, the average cost increased to US\$368/tonne (median: US\$366/tonne). The 43% increase in 2008 was primarily due to the input costs of raw materials. Indo considers 2007 to be more reflective of long-term costs than 2008. This is supported by the average cost so far in 2009 being approximately 10% above 2007, and 25% below 2008 costs.

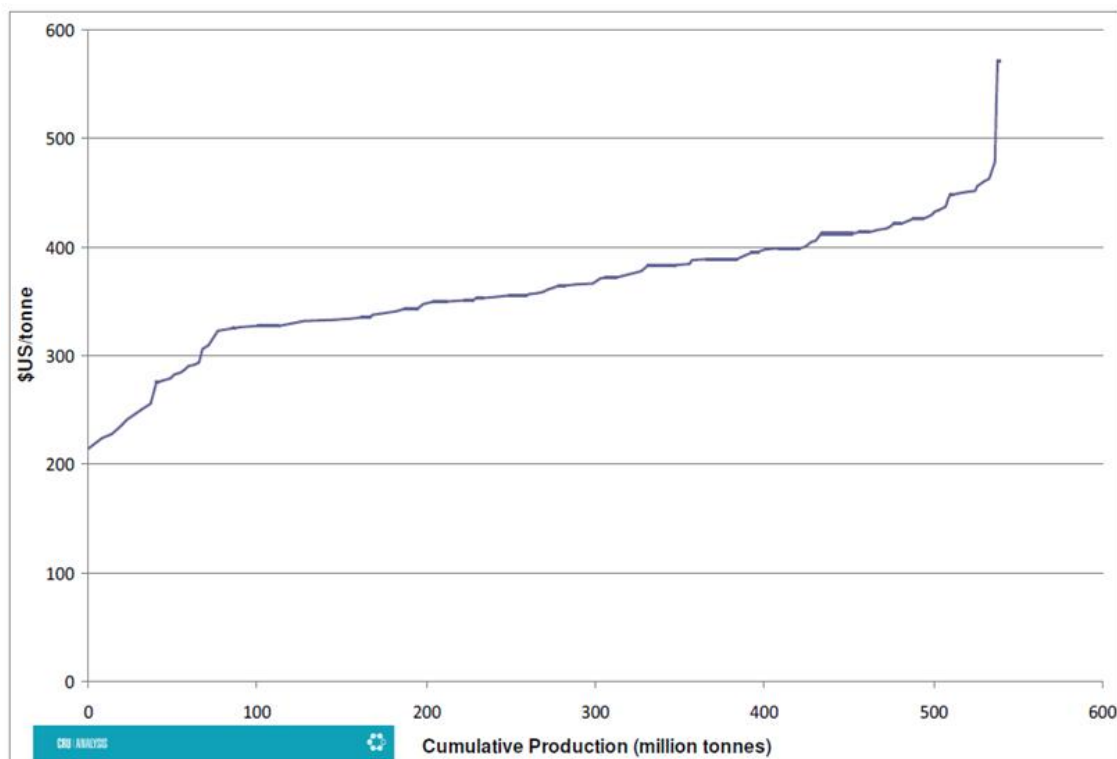
The Scoping Study undertaken by Indo Mines estimated the operating cost of the Jogjakarta Pig Iron Plant to be **US\$150/tonne**. Based on 2007 peer costs, this would make Indo Mines one of the lowest cost producers of iron globally, and **the** lowest cost producer from the sample used in the 2007 cost curve above.

The cost curves are presented below:

**Figure 1: 2007 Iron Making Cost Curve**



**Figure 2: 2008 Iron Making Cost Curve**



## **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.

URS have completed the preparation work to commence the AMDAL field studies. The company obtained the final approval to commence the AMDAL field studies from the Regent of Kulon Progo on 19 June 2009, kick off meetings have been scheduled with the various government agencies to commence the field activities.

## **3. 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. This work was postponed awaiting the recently completed funding transaction with Anglo Pacific Group PLC.

Upon completion of the reduction and smelting test work, engineering of the mining, concentrator and infrastructure requirements will be undertaken.

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.

## **EXPLORATION PROJECTS**

<b>NANGALI GOLD PROJECT</b>	<b>(Terrace Gold: 30%)</b>
<b>CHINGUELA GOLD PROJECT</b>	<b>(Terrace Gold: 100%)</b>

The Company advises that it has entered negotiations to sell its Peruvian assets. Further details will be advised as appropriate.

# 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")

**30 JUNE 2009**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(458)	(2,774)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(84)	(458)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	36
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Business development	(16)	(54)
<b>Net Operating Cash Flows</b>		<b>(557)</b>	<b>(3,250)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(4)	(4)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	56	56
	(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	-	-
<b>Net investing cash flows</b>		<b>52</b>	<b>52</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(505)</b>	<b>(3,198)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(505)	(3,198)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4,030	5,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - borrowing expenses	(250)	(250)
	<b>Net financing cash flows</b>	3,780	4,750
	<b>Net increase (decrease) in cash held</b>	3,275	1,552
1.20	Cash at beginning of quarter/year to date	320	2,043
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,595	3,595

**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	69
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.

### 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	5,000	5,000
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
<b>Total</b>	<b>250</b>

### 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	515	230
5.2 Deposits at call	3,080	90
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,595</b>	<b>320</b>

### 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	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	80,881,745	80,881,745	Not applicable	Not applicable
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	- Unlisted Options	300,000	-	\$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
	- Incentive Options	1,500,000	-	\$0.75	31 December 2010
7.8	Issued during quarter				
7.9	Exercised during quarter	150,000	150,000	\$0.20	31 July 2009
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 ~~/does not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 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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