

INDO MINES LIMITED

(Formerly AKD Limited)

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The Manager
Company Announcements Platform
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir,

**RE: DRILLING PROGRAM COMMENCES:
IRONSANDS - PIG IRON PROJECT, YOGYAKARTA**

Indo Mines and its partner, PT Jogja Magasa Mining ("JMM"), are pleased to announce that the drilling program to drill out the Yogyakarta ironsands deposit to JORC status has commenced.

The start of exploration activities on the Project, which is located in Central Java on the south coast of Yogyakarta Province, Indonesia, follows the signing of a 16,000m Drilling Contract with Jakarta based drilling company RB Drilling last week.

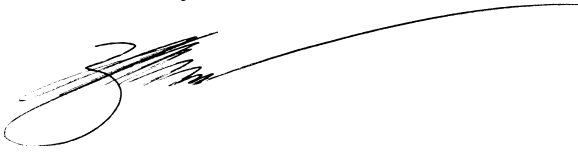
The planned 1000 hole air core drilling program of the ironsands deposit, which is expected to be completed by June this year, will be funded by Indo Mines as part of its earn-in requirement to acquire a 70% interest in the Project (JMM will retain a 30% interest in the Project).

Following the completion of a successful drilling program, a mine feasibility study program will commence using Outokumpu Technology for the plant design, mineral processing/testwork, and infrastructure facilities.

Subject to feasibility, the ironsands deposit at Yogyakarta which is 22km long by up to 1.8km wide, will be used as the basis for the establishment of a liquid iron ("pig iron") making facility in the Yogyakarta Region to provide feedstock for major regional steel producers.

The Company has commissioned consulting geologists Mackay & Schnellmann to supervise the drilling program and to bring the deposit to JORC resource definition. Samples will be freighted to Perth based laboratory, ALS, for assaying.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Zlad Sas', with a long, sweeping horizontal line extending to the right.

Zlad Sas
Managing Director

NB: Note: In accordance with ASX listing requirements, the geological information contained in this report with regard to the mineral properties has been compiled by Mr ZA Sas, B.Sc. (Hons), MAusIMM, who is a Competent Person as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves ("JORC Code").