



A.C.N. 009 245 210
A.B.N. 40 009 245 210

1st Floor, 9 Havelock Street
West Perth Western Australia 6005

PO Box 1278, West Perth 6872

Telephone (+61 8) 9321 2933

Facsimile (+61 8) 9321 3616

Email: admin@indomines.com.au

21 June 2006

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

Dear Sir,

RE: COMPLETION OF ACQUISITION OF NANGALI GOLD PROJECT - PERU

Indo Mines Ltd ("Indo") and partner Compass Resources NL ("Compass") have agreed to expedite the purchase of the highly prospective Nangali epithermal gold project in Peru, which they originally negotiated in June 2004 with a Newmont subsidiary.

Indo and Compass will now pay Minera LJB Normandy Peru US\$150,000 on execution of the revised agreement terms (previously US\$200,000) and will pay a 1.5% NSR production royalty (previously 2%). The revised agreement is expected to be signed by 30 June 2006.

Indo (30%) and Compass (70%) are responsible for their proportionate share of the payment and royalty.

Exploration completed by Newmont includes geological mapping, drainage and rock chip geochemical sampling and dipole-dipole IP traverses. This work has identified a zone of low-sulphidation epithermal quartz-carbonate veins with anomalous gold (up to 98.7 ppm) and silver (up to 814 ppm), which has a discontinuous strike extent of approximately 2 kilometres. No drilling has been undertaken, but drill sites have been identified and prepared by Newmont.

The recent election of Alan Garcia as President of Peru provides a more encouraging signal for continued growth of the Peru mining industry.

The completion of this revised agreement enables exploration planning to commence for a drill programme to test the high grade Nangali gold vein system against an improving political and social background.

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

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Zlad Sas who is a Member of the Australian Institute of Mining and Metallurgy. Zlad Sas is a full-time employee of the Company. Mr Sas has sufficient experience which is relevant to the style of 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 Sas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.