



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 23 JANUARY 2007

**OFF-TAKE AGREEMENT SIGNED WITH PT KRAKATAU STEEL FOR THE
YOGYAKARTA IRONSANDS PROJECT**

The Board of Indo Mines Limited (“Indo Mine” or “Company”) is pleased to announce that the first product off-take agreement for its Yogyakarta Ironsands Project has been completed through the signing of a Heads of Agreement for 100,000 tonnes per annum of pig iron product.

The Heads of Agreement was signed in Yogyakarta between PT Krakatau Steel and PT Jogja Magasa Mining. PT Krakatau Steel is Indonesia’s largest producer of steel and is a wholly Indonesian State owned steel manufacturing company located in Cilegon, Java with an annual production in excess of 2 million tonnes per annum of finished steel product. The signing of the Heads of Agreement provides PT Krakatau Steel with an ability (upon production commencing) to reduce its dependence on imported materials.

Highlighting the importance of the Project, the signing ceremony was held at the Governor’s office in Yogyakarta and was attended by senior representatives from the Government, PT Krakatau Steel and Indo Mines.

The Heads of Agreement provides for the supply of 100,000 tonnes per annum of pig iron product to commence no later than 2010 and continue for a minimum period of 15 years. The Heads of Agreement is non exclusive and the commercial terms non binding, with formal binding agreements to be settled within 12 months.

The signing of this Off-take Agreement represents a major milestone in the Project’s development, and provides an important foundation for the Project as the Company moves to the completion of metallurgical test work and a Bankable Feasibility Study. During this process, the Company expects to enter into additional off-take agreements, focusing on parties which may also provide other strategic benefits for the Company.

Enquiries-

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