

**INDO
MINES
LIMITED**

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16 May 2006,

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

Dear Sir,

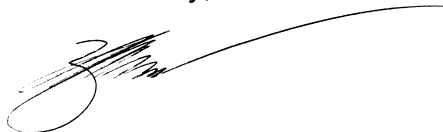
RE: WITHDRAWAL FROM "801" Pb-Zn-DIAMOND J.V. PROJECT

Indo Mines Ltd has withdrawn from the "801" Pb-Zn-Diamond Joint Venture project located in the Northern Territory, Australia, in which the Company had the right to earn up to 80% interest.

The withdrawal from the project has resulted in the termination of the J.V. agreement jointly by Indo Mines Ltd and the holder of the project, Conarco Minerals Pty Ltd. A condition of the termination is that Conarco will make an exgratia payment of \$40,000 to Indo Mines if Conarco secures a new J.V. partner to the project prior to 1st May 2007.

The withdrawal by Indo Mines from this project will enable the Company to focus on the development of its Yogyakarta Ironsands - Pig Iron Project located in central Java, Indonesia.

Yours faithfully,



Zlad Sas
Managing Director