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Friday  
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## Indo Mines gets Jogjakarta Contract of Work approval

Wednesday, 5 November 2008

**SHARES in Indo Mines have soared more than 56% today after the company received contract of works approval from the Indonesian government to develop the \$US600 million (\$A870 million) Jogjakarta liquid iron project on the Indonesian island of Java.**

The Perth-based company said the mining licence was the highest level of approval required for the project's development and provided long-term security of tenure.

The company's share price jumped as much as 21c to an intraday high of 58c on the back of the news.

"This is a major milestone and step toward production for Indo Mines and the project has the potential to become one of the lowest-cost liquid iron producers in the world," Indo Mines said.

The company said the contract of works was the first of its type to be granted to an international company in more than 10 years and the first ever to be granted in Java.

Indo Mines managing director Phil Welten said receipt of this approval was a key to securing foreign investment support and allowed the company to proceed with confidence to the next phase of development and the completion of a feasibility study by the second half of next year.

The project has a JORC iron sands mineral resource of 605 million tonnes and a mine life of at least 30 years.

A scoping study has identified that the simple shallow mining operation, the availability of low-cost thermal coal required for the reduction process and the processing facility being located on the minesite adjacent to existing rail and power infrastructure, resulted in operating costs of around \$US150 per tonne of pig iron.

Promet Engineers are updating the scoping study with the positive impact an increase in the price of liquid iron from \$US300/t to around \$500-600/t will have on the company's financials.

Shares in Indo Mines have since cooled to 49c in afternoon trading.

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