



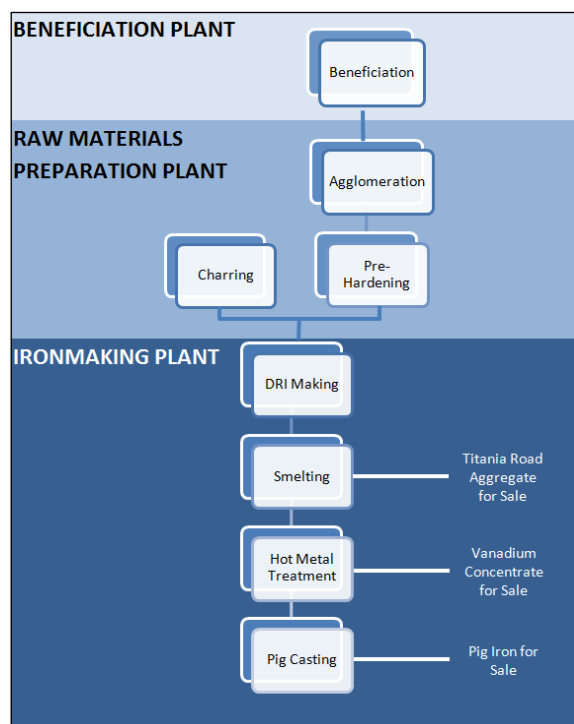
ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 31 October 2014

30 SEPTEMBER 2014 QUARTERLY REPORT

Third quarter activities have been focused around completion of a pre-feasibility study into assessing the viability of developing a pig iron project at Kulon Progo, Indonesia (Project) into a fully integrated mining and iron plant operation.

Activities have included; preliminary iron plant design, associated utility requirements, logistics study, geotechnical analysis on acquired land, coal volatiles analysis, review of basic engineering design of beneficiation plant and financial analysis. In conjunction with the pre-feasibility study a scope of work was drafted for a definitive feasibility study on the iron plant.

The work has been based on exploiting the existing JORC compliant resource to produce pig iron. Working with Hatch, the following process route is proposed to produce pig iron:



Proposed process route for pig iron

The pig iron plant design is largely based on the proven flow sheet used at New Zealand Steel. This includes coal charring and pre-reduction in rotary kilns, Direct Reduced Iron (DRI) smelting in an electric furnace and stationary ladle devanadisation (removal of vanadium as a by-product), with process unit off gases being utilized to produce electricity in a co-generation facility.

Two important test work activities conducted during the pre-feasibility study were coal analysis and pelletization/induration/reduction of the concentrate. Charring laboratory test work on coal was carried out with ash fusion temperature properties indicating that the particular coal analysed is suitable for use in reduction kilns.

Due to the mineral ore ban regulations, applications to Indonesia's Minerals and Energy Department (ESDM) had to be made to apply for permits to ship iron sand concentrate samples to Outotec's labs in Germany. These permits were issued in October and both a concentrate and coal sample have been sent.

Outotec will carry out test work based on their SL/RN Xtra technology – this process includes a 'prehardening grate' which is used to harden the green ball pellets before introduction to the rotary kilns (off-gases from rotary kiln are utilised in this process). Agglomeration of the concentrate by pelletization will also be tested by Outotec. This first phase of test work is to ensure process critical parameters of the raw material and their processing is understood. It will also provide the following:

1. Go/no-go testing to determine how a quality product can be made
2. Provision of sufficient information for mass and energy balance modelling
3. Sufficient insight to allow preliminary equipment sizing estimates

Pre-feasibility work will be updated once the results from Outotec have been received.

As previously announced, the results of financial analysis undertaken using the inputs from the Hatch pre-feasibility study, indicate that on the basis of current commodity prices and cost inputs, the project is not economically viable. However, the analysis also indicates that the valuation is particularly sensitive to capital costs and financing structure.

The Company has therefore been evaluating various options to add value to the investment, including the ability to reduce capital costs and to enhance the financing structure, before it commits to a bankable feasibility study.

The ability to secure the appropriate finance will significantly reduce the estimated weighted average cost of capital thereby enhancing the project economics. The Company is currently investigating these alternatives.

In addition, the Company has been further reviewing options with Hatch as to how capital costs can be potentially reduced without impacting the integrity of the production process, including an increase of the production capacity to achieve economies of scale.

The combined value of the Company's cash reserves and its US dollar fixed income portfolio at 30 September was ~A\$17.0 million, the majority of which is held in US dollars.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

INDO MINES LIMITED

ABN

40 009 245 210

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(3,945)	(3,945)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(278)	(278)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	31	31
1.5	Interest and other costs of finance paid	(92)	(92)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(4,284)	(4,284)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(567)	(567)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(567)	(567)
1.13	Total operating and investing cash flows (carried forward)	(4,851)	(4,851)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,851)	(4,851)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,851)	(4,851)
1.20	Cash at beginning of quarter/year to date	10,160	10,160
1.21	Exchange rate adjustments to item 1.20	260	260
1.22	Cash at end of quarter	5,569	5,569

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	113
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-Executive Directors Fees for the quarter ended 30 June 2014 (fees are paid quarterly in arrears), Chairman Fees since 1 July and Executive Director salary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,200
4.2 Development	-
4.3 Production	-
4.4 Administration	240
Total	3,440

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,569	8,160
5.2 Deposits at call	2,000	2,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,569	10,160

Interests in mining tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

1. Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Jogjakarta - Contract of Work	Indonesia	70%	0%	0%

2. There were no farm-in or farm-out agreements over any tenements.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description) Converting performance shares -Class E	20,000,000	Nil	Nil	N/a
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	538,026,598	538,026,598		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description) - Senior Secured Convertible Debenture with Anglo pacific Group plc	US\$4,000,000			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor) -Vendor Options	1,500,000	-	Exercise price \$0.20	Expiry date 1 October 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

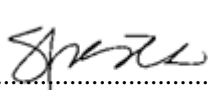
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7.11	Debentures (totals only)		
7.12	Unsecured notes (totals only)		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:


.....
(Director/Company secretary)

Date: 31 October 2014

Print name: Stacey Apostolou

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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