

18 July 2018

Operational Update - Phase 3 Acceleration

Key Points:

- IndiOre's primary focus is to accelerate and de-risk the Phase 3 expansion, three months ahead of schedule.
- Decision to accelerate the Phase 3 expansion of Kurnool is strongly supported by major shareholders and institutional investors
- Phase 3 expansion to increase production to ~400,000ktpa while delivering significantly improved grades and yields
- Long lead Chinese equipment ordered, and manufacture process commenced, with the Company applying for Chinese low-cost export credit financing of approximately A\$1.1m of goods.

IndiOre Ltd (ASX: IOR) ("IOR" or "the Company") is pleased to provide an update on its Phase 3 Expansion project ("the Expansion") currently underway at the Company's Kurnool wet beneficiation plant in India.

The Phase 3 Expansion aims to significantly increase the production rate at the Kurnool plant to ~400,000 ktpa of iron ore concentrate.

The Company has now successfully negotiated and executed agreements for the manufacture and supply of the Expansion's long lead items from China. The components in question are large-scale ball mills with associated equipment and the magnetic separators. It is anticipated long lead items will be delivered to site over Q3 and Q4 2018.

In addition to the purchasing activities, the Company has applied for Chinese low cost (6.83% pa) export credit financing of approximately A\$1.1m of goods, after progressing successfully through the first and second stages of the credit financing process.

A recently completed review of the business focused on how best to accelerate and de-risk the timelines and costs associated for the project to be commissioned in Q1 2019.

The expansion also includes retrofitting components of the existing Phase 2 plant with improved technology and process controls which the Company expects will significantly improve operational efficiencies of the expanded facility.

The expanded plant reflects the learnings from the existing plant. To incorporate these improvements and the accelerated expansion, the retrofitting process will commence in late July, fulfilling a requirement to defer production and recommence in line with the acceleration of the expansion.

Additional advantages include providing the safest possible working environment, fast-tracking civil construction works, electrical works and the immediate removal of redundant equipment from the plant area.

To achieve improved plant performance and incorporate Phase 2 learnings, IOR has invested significantly in several key areas to provide higher certainty regarding the project expansion outcomes, including;

- The purchase of additional large-scale equipment;
- Implementation of improved process and control technologies and equipment;
- Appointment of additional highly experienced project management staff; and
- Appointment of Tier One engineering, design and project management expertise.

IOR's Managing Director and CEO, Cedric Goode, commented:

"The successful execution of the Phase 3 expansion is the primary focus for the business and this approach now provides our operational team with an unimpeded pathway to deliver this project in the first quarter of 2019, bringing the timeline forward by a quarter over previous estimates.

The Board has made the prudent decision to implement all measures required to significantly decrease the execution risk of the Phase 3 expansion, we look forward to providing our shareholders with further operational updates as the Phase 3 expansion is progressed over the coming months."

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