



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 JULY 2018

JUNE 2018 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Voluntary delisting from the ASX**
- **Continued support from majority shareholder**
- **Termination of PT JMI Employees**
- **Potential option to use retired Chinese excess capacity plant to process iron sands from Kulon Progo**

Activities for the Indo Mines Limited ('Indo Mines' or 'the Company') group during the June 2018 quarter included the following:

Voluntary delisting from the ASX

In May 2018 Indo Mines submitted a formal application for the removal of Indo Mines' fully paid ordinary shares ('Shares') from the Official List of the Australian Securities Exchange ('ASX') pursuant to ASX Listing Rule 17.11.

The key reasons for seeking Indo Mines removal from the Official List of the ASX are:

- the low level of liquidity in Indo Mines' Shares – Indo Mines notes that as at the date of this announcement there had not been any trades of Shares on ASX following the close of Takeover Bid;
- a large proportion of Indo Mines shareholders (by number) hold 'unmarketable parcels', meaning there is a limited market for trading in Indo Mines Shares; and
- given the size of Indo Mines and the low level of trading on the ASX, the Board believes that the financial, administrative and compliance obligations and costs associated with maintaining an ASX listing are no longer justified, nor is the higher level of compliance costs in the best interests of all Indo Mines shareholders.

Approval for the removal from the Official List of ASX was granted and this is scheduled to occur on 21 August 2018.

Continued support from majority shareholder

As announced previously Indo Mines has received the financial support of the Company's majority shareholder, Rajawali Corpora ('Rajawali'). To date this support has been by way of Loan Agreements totaling US\$5,976,837 at the end of the June 2018 quarter, secured against a first priority payment on the sale of an interest in Sapex Group Limited. In addition to the Loan Agreements, Rajawali has confirmed to the Directors of the Company of its ongoing financial assistance to Company as and when it is needed to enable the Company to continue its operations and fulfill its financial obligations for a period of twelve months from the date signing of the annual report.

Termination of PT Jogja Magasa Iron ('PT JMI') Employees

The Board of reviewed operations, assets, liabilities, structure and employees and resolved to restructure the PT JMI human resources division in order to lower operating costs. In addition to removing a significant monthly overhead, the restructure also removed a growing redundancy liability from PT JMI's balance sheet. Redundancy payments of approximately USD\$1.6M were made, with funding for this provided by Rajawali by way of loan. A smaller team will be retained to maintain the Contract of Work requirements and satisfy Corporate Social Responsibility obligations.

Operations Update

Potential option to use retired Chinese excess capacity plant to process iron sands from Kulon Progo

Indo Mines management has been exploring with a Chinese steel producer potential options which have recently emerged to utilise retired reduction equipment with Kulon Progo iron sand. The Chinese Government has required a majority of steel producers to lower steel production and retire excess capacity plant. This has in turn led to an opportunity for Indo Mines to assess retired reduction equipment located in China that may be able to be used to process Kulon Progo iron sand on-shore in Indonesia, subject to further test work.

To proceed with the test work, a 300 tonne sample must be collected in Kulon Progo and shipped to China – this will require an export permit from the Ministry of Energy and Minerals which, if the application is successful, Indo Mines would expect to be issued during August 2018. If the test work proceeds, the sample would be upgraded from 53% Fe to approximately 58% Fe then briquetted utilising anthracite as a reductant. From there, a 200 tonne pilot scale sample run will be undertaken to assess the following;

- Material balance including anthracite and iron sand
- Analysis of briquette including strength
- Optimal operating temperature and reduction time
- Optimal feed mix
- Chemical and mineralogical analysis of hot briquetted iron (HBI)
- Analysis of physical characteristic of HBI
- Analysis of furnace off gas and dusts
- Calculate optimal feed rates and total output of the furnace.

It is intended that a 50 tonne sample of HBI would then be smelted to run tests on both the hot metal and the resulting slag. However, Indo Mines' focus will be on the first stage (being the reduction program test work) over the coming 6 months, given this will be a novel reduction process carried out on an industrial scale for processing iron sand concentrate, which carries risks of technical failure.

Indo Mines notes that as at the date of this update no binding agreement has been entered into with the owner of the retired reduction equipment to undertake the test work or to ultimately re-locate that equipment to Indonesia. In addition, the extent of Indo Mines' funding or ownership of that equipment would be subject to negotiation, although it is Indo Mines' commercial intention is that it would supply iron sands to the plant, should it be relocated to Indonesia.

Exploration Activities during the quarter

Indo Mines did not conduct any exploration activities during the quarter given the matters described above. Moving forward, on-ground activities which will include collecting the 300 tonne sample, dismantling and sale of the Kuruwangi pilot plant (scrap metal) and also maintaining the access road. These on-ground activities are required in order to maintain the Contract of Work license and in order to perform the yearly activities plan, outlined to ESDM in 2018 (RKAB).

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Indo Mines Limited provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location

Project Name	Location	Area	Status	Interest Held
Kulon Progo iron sands project	Kabupaten Kulon Progo, Yogyakarta Region, Java, Indonesia	2,978 Ha	Granted in November 2008 under contract of work	70%

Mining tenements acquired during the quarter and their location
Not applicable.

Mining tenements disposed of during the quarter and their location
Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of quarter
Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the quarter
Not applicable.