

The background of the header section features a grayscale photograph of a mining or industrial site, showing a conveyor belt and large piles of material. Overlaid on this is a large, vibrant red swirl graphic that matches the company logo.

## QUARTERLY ACTIVITIES REPORT

30 October 2018

IndiOre Limited (the “Company” or “IndiOre”) (ASX: IOR) is pleased to provide its quarterly activities report for the period ended 30 September 2018.

### SEPTEMBER QUARTER HIGHLIGHTS

- Phase 3 expansion continues to advance and remains on-track for commissioning H1 2019.
- Revised definitive capital forecast of A\$11m to complete Phase 3 expansion following review of detailed design and engineering work.
- Additional capital secured via A\$6m convertible note facility from existing cornerstone investor First Samuel.
- Board and management changes.

### Management Commentary

**IndiOre Non-Executive Chairman, Peter Richards, commented:**

“Significant inroads were made during the quarter towards the execution and delivery of the Phase 3 Expansion project at our Kurnool wet beneficiation plant, underpinned by the securing of a A\$6 million funding facility through our supportive cornerstone investor, First Samuel.

This funding commitment provides the flexibility to ensure we are able to deploy the requisite resources across the business to ensure we remain on-track for commissioning and production start-up in H1 2019.

In addition, we have also strengthened both our board, appointing Dr Nik Senapati, and management team with the appointment of David Mendelawitz as Managing Director and CEO. David’s appointment comes at a critical stage in our progression and I look forward to working closely with him over the coming months.



With an experienced management team in place and a sound cash position, coupled with a clearly defined operational pathway, we look forward to reporting further key developments to our shareholders over the next 3-6 months."

## **IRON ORE - INDIA**

### **KURNOOL IRON ORE BENEFICIATION PLANT**

#### **PHASE 3 WET PLANT EXPANSION**

The Company's Kurnool wet beneficiation plant (Phase 3 Expansion) aims to increase the name plate production rate to ~500,000 tpa of iron ore concentrate. The project schedule for the Phase 3 Expansion remains on-track with commissioning set to be undertaken in H1 2019.

#### **Expansion Design and Engineering Review**

Following a review of the Expansion's detailed design and engineering work, IOR increased the forecast capital requirement to complete the Expansion to A\$11 million.

The detailed design and engineering work program is being undertaken by Essar Projects Limited and is expected to be completed in Q4 2018.

The review outlined a number of critical learnings from Phase 2 that have subsequently been included in the new cost estimate. A specific focus on control systems, automation and operability improvements will see a significant improvement in designed availability, plant throughput and finished product grades and yields.

To achieve improved plant performance and incorporate Phase 2 learnings, IOR 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.

During the period the Company has engaged civil, structural and mechanical contractors to undertake the works for the expansion, and a traditional ground-breaking ceremony was held at the commencement of site activities.

Works continue around commencement of mining operations and operational readiness for the beneficiation operations.

The project schedule for the Expansion remains on-track with commissioning set to be undertaken in H1 2019.

#### **Manufacture and Supply of Long Lead Items Secured**

In July 2018, the Company successfully finalised agreements for the manufacture and supply of the Expansion's long lead items from China. The specific equipment includes large-scale ball mills with associated equipment and the magnetic separators. Low intensity drum magnets and vertical high intensity magnetic separators are expected to arrive on site in November, with the Ball Mills due for arrival in December 2018.



### A\$6M FUNDING FACILITY SECURED

IndiOre secured an additional \$6 million via a convertible note facility from current major shareholder First Samuel in September 2018. This facility underpins the completion of the Phase 3 expansion project along with existing cash reserves, and also provides working capital to support commissioning.

Key terms of the facility include:

- Term: 3 years facility (repayable early at Company's discretion)
- Interest rate: 10% pa. compounding and accruing
- End of term payment: +A\$1m (to face value)
- End of term payment amount (at any stage up to 3 years): face value + interest accrued + A\$1m payment
- End of 3-year term payment form either: Cash or shares (Company discretion);
  - Shares: the share amount will be determined by then share price (1-month VWAP immediately before end of term) less a 15% discount;
  - Cash: as per the end of term payment amount above.
- Early repayment form: Cash only – unless directed by noteholder (at which point Company can elect shares as per the end of term details)
- Tranches: in draw down amounts of A\$2m, A\$2m, A\$1m and A\$1m made available within 5 days' notice from the Company

### BOARD CHANGES

On September 4, the Company advised that Managing Director and Chief Executive Officer Cedric Goode resigned due to personal reasons. The Company appointed David Mendelawitz as Managing Director and Chief Executive Officer on 15 October.

David is an accomplished mining industry executive with extensive international experience in exploration, mining and commerce. He has a Bachelor of Science (Applied Geology) with Honours from W.A.'s Curtin university and a Graduate Diploma – Applied Finance and Investment (Mining Investment Analysis) from the WA Securities Institute. David most recently held the position of Managing Director at Cleveland Mining Company Limited, where he oversaw the funding, discovery, development and commencement of mining at the Crixas Project in Brazil.

Prior to founding Cleveland, David held the position of Head of Business Improvement at Fortescue Metals Group Ltd, where he played a key role in iron ore exploration, project construction, mine and infrastructure optimisation and expansion planning. During his 5 ½ years at Fortescue, David was initially the Exploration Manager for Eastern Tenements, overseeing field works which were part of the delineation of 2.8 billion tonnes of iron ore in 1 year. He then became the Registered Manager of Mining during the trial mining operations as part of the \$140 million feasibility study conducted over the project.

David has built a strong track-record in delivering success both as a geologist and in senior management roles, having worked across a diverse range of assets in jurisdictions including Australia, Brazil, Papua New Guinea and the USA.



Jock Muir resigned as Non-Executive Chairman and was replaced in the role by Non-Executive Director Peter Richards.

Mr Richards is an internationally experienced business executive with a proven track record in achieving financial, operational, and safety targets. He has more than 35 years of local and international experience with companies such as British Petroleum (including its mining arm Seltrust Holdings), Wesfarmers and Dyno Nobel, providing him with a broad understanding of the global mining and mining services industries.

Dr. Nik Senapati was appointed Non-Executive Director of the Company on September 28, 2018.

Dr Senapati is the Honorary advisor to Federation of Indian Chambers of Commerce and Industry (FICCI) in Australia and is an advisor to Dua Associates and Consulting in New Delhi. Nik is also the President of the Australia India Business Council in Queensland. Until 2015 Nik was country head of Rio Tinto in India, a role that he held for almost 10 years.

As a geologist with over 35 years' experience in the mining industry, Dr Senapati's roles include exploration, operations, strategy and external relations. He chaired the mining committee of Confederation of Indian Industry, was instrumental in establishing the Sustainable Mining Initiative for the Indian mining industry and initiated the Skills Council in the Mining Sector. Nik was educated in India, Australia and as a Rhodes Scholar in the UK.

## CHANGE OF CONTACT DETAILS

During the quarter, the Company's contact details changed to:

Telephone (Direct): +61 8 6165 4120  
 Telephone (Mobile): +61 (0) 431 579 682  
 Facsimile: +61 8 6165 4067  
 Registered Office: 18 Sangiorgio Court, Osborne Park WA 6017  
 Telephone (Registered Office): +61 8 6165 4000

## GENERAL MEETING

On 28 June 2018, the Company held a general meeting of Shareholders. All resolutions in the notice of meeting were passed on a show of hands.

## INTERESTS IN MINING TENEMENTS

Project / Tenement	Location	Held at end of quarter	Acquired during the quarter	Disposed/Lapsed during the quarter
Kuja	Andhra Pradesh, India	Owned	100%	-
Mangal	Andhra Pradesh, India	Owned	100%	-
TS 1	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-
AP 26	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-
AP 27	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-



AP 3	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-
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-ENDS-

**For more information:**

Sean Henbury/Tim Lee  
IndiOre Ltd  
Company Secretary  
(08) 6168 8000

Released through Sam Burns, Six Degrees Investor Relations, +61 0400 164 067

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

IndiOre Ltd

**ABN**

32 057 140 922

**Quarter ended ("current quarter")**

30 September 2018

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	119	119
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(1,527)	(1,527)
	(c) production	-	-
	(d) staff costs *	(589)	(589)
	(e) administration and corporate costs	(699)	(699)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(2,691)</b>	<b>(2,691)</b>

\* includes 1 month notice and accrued annual and long service leave entitlements paid on the resignation of MD/CEO Cedric Goode on 31 August 2018 as per service agreement.

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1,519)	(1,519)
	(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(1,519)</b>	<b>(1,519)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	892	892
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>892</b>	<b>892</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,751	9,751
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,691)	(2,691)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,591)	(1,591)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	892	892
4.5	Effect of movement in exchange rates on cash held	7	7
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,368</b>	<b>6,368</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,562	9,751
5.2	Call deposits	2,806	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,368</b>	<b>9,751</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

252

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Wages, superannuation and car lease. Includes payment of accrued annual leave and long service leave entitlements of Cedric Goode upon resignation as Managing Director / Chief Executive Officer on 31 August 2018.



7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-		

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	Add notes as necessary for an understanding of the position		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	-
9.2	Development (inc PPE)	7,100
9.3	Production	-
9.4	Staff costs	480
9.5	Administration and corporate costs	420
9.6	Other (drawdown of First Samuel convertible note facility)	(6,000)
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>2,000</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Tim Lee  
(Company secretary)

Date: 30 Oct 2018

Print name: Tim Lee

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.