IndiOre Ltd

31 May 2019

INDIORE LIMITED (ASX: IOR) – MARKET UPDATE

Highlights

- Agreement signed to divest Indian subsidiary – currently working through conditions precedent to finalise the agreement [2]

- Crushing and Screening Plant Purchase and Ridges Iron Project Contract Processing Agreements executed

- Initial payment for Crushing and Screening plant made

- 2 Tranche equity fund raising underway:
    - Tranche 1: 53.125m ordinary shares at $0.04 per share for $2.125m[1] - complete
    - Tranche 2. 96.875m ordinary shares at $0.04 per share for $3.875m[1,2] - partially filled

- Company and First Samuel jointly agreed to terminate the previously approved First Samuel convertible debt facility

- The Company is to change its name to Elmore Ltd[2]

- Notice of meeting being finalised to call Extraordinary General Meeting (EGM) to seek approval for all business changes, contracts and capital raise

1. Minus 4% capital raising fees
2. Subject to shareholder approval

IndiOre Limited (the Company) is pleased to provide an update on the activities it has undertaken to restructure and refocus the Company following the termination of the Phase 3 Kurnool processing plant project in India.

Subsidiary Divestment

In order to provide certainty regarding the status of any liabilities in India, the Company entered into an agreement to divest its Indian subsidiary, NSL India MRI, including the P1 and P2 plant and equipment, to Benita Industries in exchange for Benita taking over all financial liabilities. Directors believed this was the best outcome available to the Company, as sale of plant, along with the cost of managing a sales process was expected to be either financially neutral or negative and would leave the Company exposed during the process. IndiOre management are currently working with Benita to ensure all conditions precedent to finalise the agreement are met.

Subsequent to this agreement, Benita has agreed to purchase the new P3 WHIMS and LIMS as is, where is for a combination of $AU500,000 cash, payment of the final payment owed to the OEM manufacturer (~$AU90,000) plus payment of the RBI liability. This change will satisfy conditions 1 and 3 above. IndiOre management are currently working with Benita in India to satisfy the remaining condition and allow the transition of the Company to Benita to be finalised.

The conditions of the divestment are:

	Condition	**Status**
1	IndiOre Ltd is to take possession of the newly purchased WHIMS and LIMS machines that have been delivered to India for P3,	Condition to be met by purchase of WHIMS and LIMS. Payment currently being executed
2	NSL MRI to resolve outstanding employee entitlements,	Currently being resolved between NSL and Benita
3	IndiOre to take liability for a liability to the RBI in India, estimated at circa $AU80,000. (see note at end of announcement)	Condition being met as part of compensation for WHIMS and LIMS purchase
4	IndiOre provide assistance (non-financial) to execute orderly hand over	Ongoing. Expected to be complete within 6-12 months

IndiOre has already secured ownership of the newly purchased ball mills, which are still with the manufacturer in China and will be diverted to Australia for future use by the Company once the final payment has been made to the manufacturer.

No other consideration is payable to Benita for the divestment.

The EGM will seek shareholder approval for this transaction under ASX listing rule 11.1.2.

GVI Agreements

IndiOre has now signed binding agreements with Gold Valley Iron to purchase the Frances Creek crushing and screening plant and also to process iron ore on the Ridges Iron Project ("Processing Agreement"), 165kms south of Kununurra.

IndiOre Ltd

Plant Purchase Agreement

The process plant will be purchased for a total of $2.5m:

1. $1,500,000 that has now been paid,
   and
2. $1,000,000 to be paid on satisfaction of a number of conditions that are expected to be met by 28th October 2019.

Conditions Precedent for final payment

i. GVI receiving the consent of the Treasurer in accordance with the foreign Acquisitions and Takeovers Act 1975 to enter into the Mining Agreement with KMG and to acquire the Tenements in accordance with the provisions of the Tenement Sale Terms Sheet;

ii. the Minister giving his consent to the terms of the Mining Agreement with KMG and to the sale of the Tenements in accordance with the provisions of the Tenement Sale Terms Sheet;

iii. KMG obtaining the consent of the China Minsheng Banking Corp Ltd to the transaction; and

iv. KMG obtaining all consents required in respect of the Third Party Agreements to the sale of the Tenements in accordance with the Tenement Sale Terms Sheet,

Frances Creek Crushing and Screening Plant

Key Terms of Processing Agreement

The term of the Agreement is 8 years. Whilst the final mine plan has not been completed, the high-level target is to:

- Install the crushing and screening plant over the next 6 months,
- Crush and screen circa 1 million tonnes of direct ship ore over the first year of production,
- Install additional processing equipment (including the ball mills and magnetic separators), and
- Beneficiate lower grade ore into a higher-grade concentrate for the remaining life of contract.

The Company will be paid on the basis of a full recovery of operating costs plus a production royalty based on the sale price of the ore:

- In the case of crushed and screen product: the royalty is 5% of the sales price of the ore x tonnes of ore produced, and
- In the case of beneficiated product: the royalty is 7.5% of 62% Fe Index/ 62 x grade of concentrate produced x tonnes of concentrate produced

Following the finalisation of the mine plan, the Company will be able to provide more details on the rate of production, anticipated product grade and forecast site operating free cashflow expectations.

The EGM will seek shareholder approval for this transaction under ASX listing rule 11.1.2.

Fund Raising

The Company has signed an equity raising mandate jointly led by Shaw and Partners and Aitken Murray Capital Partners to raise $6.0million through issuing 150,000,000 ordinary shares at $0.4 per share.

The raise will be completed in 2 stages:

- Tranche 1. $2.125m for 53,125,000 shares under existing approval. This has been completed through allocation to existing significant shareholders.
- Tranche 2. $3.875m for 96,875,000 shares. This has been partially completed, though will be subject to shareholder approval, which will be sought at an Extraordinary General Meeting (EGM) that is being called for the end of June

The Company and First Samuel jointly agreed to terminate the previously approved First Samuel convertible debt facility.

Shaw and Partners and Aitken and Murray will receive a combined total of 4% of any funds raised under the mandate.

Shareholders who are considered Sophisticated Investors wishing to participate in the raise should contact either IndiOre directly, Aitken Murray Capital Partners or Shaw and Partners.

The First Tranche of the Fund raising was completed with share allowances available under ASX listing rule 7.1 and 7.1(a). The EGM will seek shareholder approval for both tranche 1 and tranche 2 of this fund raising under ASX listing rule 7.4

Name Change

The Company is proposing to change its name to Elmore Ltd, subject to shareholder approval, which will be sought at the EGM in accordance with section 157(1)(a) of the Corporations Act.

The name Elmore pays homage to Frank and Stanley Elmore, who were the developers of the froth flotation method of minerals extraction. The name change has been proposed due to the Company no longer focusing on India and re-focusing on contract minerals processing.

Time-Table of Milestones

	Milestone	**Anticipated Date**
1	EGM to seek all required approvals	First week of July 2019
2	Completion of Conditions precedent for final plant purchase payment	October 28th 2019
3	Completion of Indian Subsidiary divestment	6 – 12 months

RBI Matter Explanatory Note

NSL MRI is non-compliant with RBI regulations in respect to several ECBs (External Commercial Borrowings) because the initial funds sent to NSL MRI direct were not approved by the RBI before the funds flowed in. These non-conforming ECBs attract RBI interest which is compounding. The estimate of the penalty interest is circa INR 4,000,000, plus NSL MRI have yet to resolve the issues to the satisfaction of the RBI and the interest keeps accruing.

The Company has agreed with Benita that this liability of circa AU$80,000 will now be left with NSL MRI as a Benita matter and company liability.

-ENDS-

For further information please contact:

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