

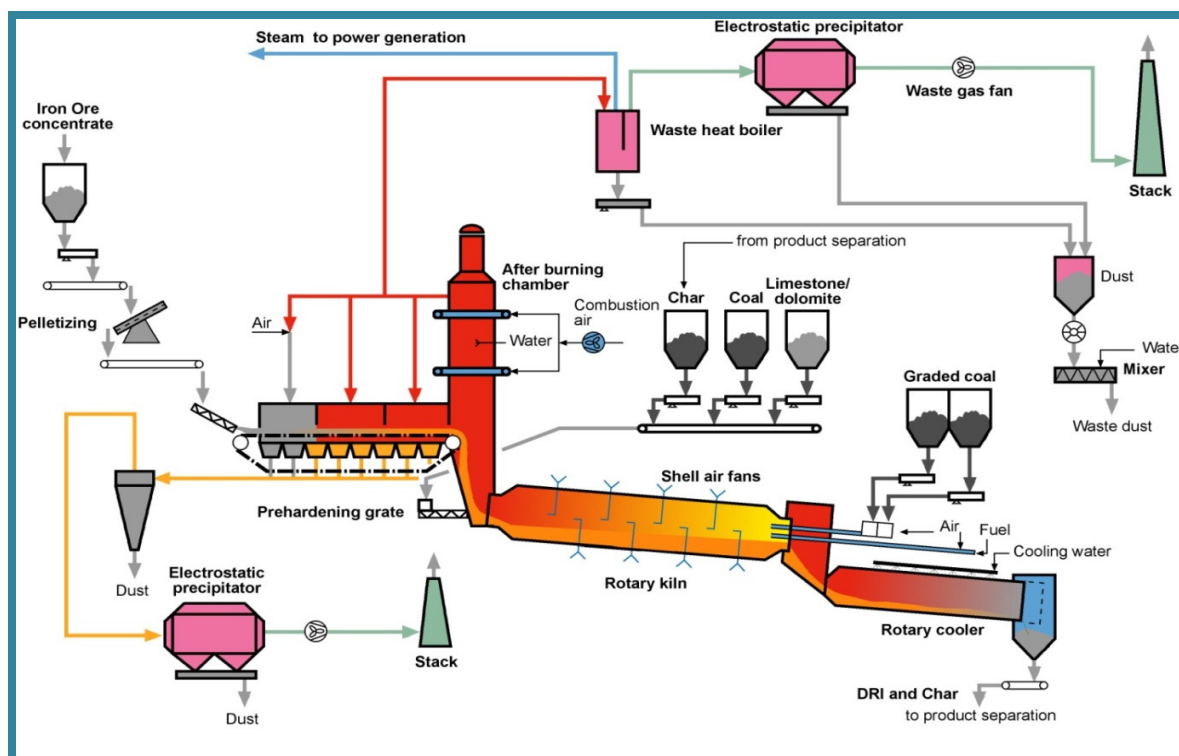


ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 JANUARY 2015

## DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

December 2014 quarter activities for the Indo Mines Limited ('Indo Mines') group saw the completion of the pre-feasibility study at Indo Mines pig iron project in Kulon Progo, Indonesia, re-engagement of Ferrostaal Indonesia ('Ferrostaal') to complete the Basic Engineering Design ('BED') of the iron sand concentrate plant, test work to upgrade iron sands to 59% iron+ and test work beginning on Outotec's SL/RN Xtra technology. Additionally after consulting with several investment banks, very early conversations have commenced with potential strategic operating partners.

In November 2014 the Ferrostaal BED contract for the concentrate plant was reactivated after being put on hold in May 2014. This had occurred because of both Indonesia's mineral ore export ban and the fact that concentrate plant outputs would likely change, given the results of the pre-feasibility study on the iron plant. Due to the higher iron content required it is likely the process flow will change accordingly. Two consultants previously with New Zealand Steel have been hired to oversee the process design and lab test work.



*Figure 1: Outotec SL/RN Xtra process flow sheet*

In October 2014, ESDM issued an export permit to PT Jogja Magasa Iron ('JMI'), Indo Mines 70% owned subsidiary, to send iron sand concentrate to Germany for test work. Some initial 'small scale' lab test work indicates the Kulon Progo concentrate can be successfully pelletised and indurated. In addition the Triaryani coal has proven to be a solid choice for reductant purposes. From a co-generation perspective it would seem the off-gasses from the multi hearth furnace, rotary kiln and smelter will produce about 42-45MW of power in the first production module.

Further financial analysis on the pre-feasibility study results indicate an economically viable operation at the project level. This analysis is based on three production lines in operation, for the production of pig iron. This will require additional reserves to be sourced or concentrate purchased from outside the current Contract of Work ('CoW') area.

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