



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 29 JANUARY 2016

DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **DFS underway for iron plant**
- **Ground breaking for site office**
- **Completion of the sale of the Vertimill for US\$750,000**
- **Acquisition of 51% of Sapex Oil Tools Limited**

Activities for the Indo Mines Limited ('Indo Mines') group during the December 2015 quarter included the following:

DFS underway for iron plant

Work on the definitive feasibility study with Outotec for the iron making facility at Kulon Progo to produce pig iron and vanadium by product has commenced. This detailed study will provide basic engineering design that is of a 'bankable' standard with appropriate project capital and operating costs. The focus of this study is an improvement in both capital and operating expenditures of the pig iron plant and an improvement in vanadium recovery which is an essential revenue stream for the economic feasibility of the project.

Indo Mines is also currently focusing on developing supporting infrastructure for the smelter development in the allocated industrial zone, with design of a co-generation and power plant underway.

Ground breaking for site office

Ground-breaking has taken place on the acquired land at Kulon Progo for the development of a basic site office – this office will be the central hub for all operations of Pt. Jogja Magasa Iron, Indo Mines' 70% owned subsidiary and corporate management. This will make all other Indonesian offices redundant and lower overall running costs.

Completion of the sale of Vertimill

During the quarter, Indo Mines completed the conditions precedent for the sale of a Vertimill to A.M. King Industries Inc. and received the balance payment of US\$712,500 from the total sale amount of US\$750,000. At 30 June 2014 the carrying value of the Vertimill was fully impaired. As a result of the sale US\$750,000 of this impairment charge has been reversed during the quarter.

Acquisition of 51% of Sapex Oil Tools Limited

Subsequent to the end of the quarter Indo Mines announced the acquisition of a 51% stake in Sapex Oil Tools Limited ('Sapex'). Sapex is an established regional provider of the world's leading composite mat system, which is designed for use in remote and challenging terrain-access locations. Sapex holds the license to distribute the world's leading composite mat system within Indonesia, technical services capability, in-house developed downhole tools and three existing sub-contracts to provide services (approximately US\$1.7M in value).

Sapex also designs, supplies and installs specialized downhole drilling, completion and workover equipment across Southeast Asia to support the regional energy industry. The Sapex oil tools 'completions product line' includes the Sapex brand of production and service packers, completion accessories, flow control equipment, service tools, liner hangers, partner-manufactured external casing packers and float equipment.

A nominee of Indo Mines will sit on the board of Sapex, but Indo Mines' intention is that the existing board and management will continue to run the business. Sapex's strategy moving forward is to expand and diversify its existing capabilities, including targeting opportunities in the mining, construction, plantation, telecommunication and national security sectors across Southeast Asia.

The total purchase price for the acquisition will be US\$3M. This will be funded via US\$1M cash from Indo Mines' cash reserves and the remaining US\$2M through a 12% interest 3 year non-recourse debt facility provided by Makati Capital Partners to Sapex. The first tranche (US\$1.5M) is payable upon completion of the acquisition of 51% of Sapex. The second tranche (US\$1.5M) is payable upon satisfaction of certain conditions linked to the performance of the business.

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Additional ASX Listing Rule Information

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.