



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 24 September 2012

PLACEMENT TO RAISE \$50 MILLION

- **Placement to the Rajawali Group to raise \$50 million**
- **Increase in the Rajawali Group's stake to 57.12%**
- **Rajawali is one of Indonesia's largest conglomerates with interests in mining, minerals, infrastructure, transportation, hospitality and agriculture**
- **Funding to facilitate the phased implementation of the Jogjakarta iron project and to complete project finance due diligence**

Indo Mines Limited (ASX: IDO) (**Company** or **Indo Mines**) is pleased to announce it has entered into a binding subscription agreement (**Agreement**) to complete a \$50 million placement to the Rajawali Group.

Pursuant to the Agreement, subject to Indo Mines shareholder approval, the Rajawali Group will increase its holding in the Company through the issue of 250 million shares each at \$0.20 per share (**Placement**) taking their stake in the Company to 57.12%. The issue price represents a premium over the 30 day VWAP of 100% and a premium of 70% over the 90 day VWAP.

The significant cash injection from the Rajawali Group provides funding to assist with the staged implementation of the 2 million tonne per annum iron concentrate facility, ongoing studies into the requirements for pig iron production, completion of financing due diligence and working capital.

The Rajawali Group, which was founded in 1984, is one of the largest privately owned conglomerates in Indonesia. Its core operations are in mining, resources, infrastructure, transportation, property and agriculture. Its combined portfolio is estimated to be in excess of US\$2 billion.

This significant injection of funds by a strong and well-respected Indonesian company demonstrates the support and commitment to achieving the Company's vision in establishing an Indonesian Steel industry based upon the vast Indonesian iron sand resources. The Board of Indo Mines is delighted by Rajawali's increased participation in the Company which will enhance the prospects for the Company in taking the Jogjakarta Iron Project forward. The Board is confident that the Rajawali Group's increased participation will assist the Company:

- a) with ongoing regional support for the iron concentrate and pig iron projects;
- b) in securing appropriate project financing; and
- c) in acquiring additional iron sands assets in the future to help grow the overall business.

The business will also benefit substantially from integration with the excellent business systems and processes of the Rajawali Group.

Key Terms

The Placement is conditional on Indo Mines shareholder approval being obtained:

- a) for the issue of the Placement shares pursuant to item 7 of section 611 of the Corporations Act; and

b) for the appointment of two nominees of Rajawali Group to the Company's Board, on or before 3 December 2012.

Subject to completion occurring, the Rajawali Group will be granted the right to appoint a further two Non-Executive Directors to the Board, with one of those nominees to be elected as Chairman. Current Chairman Mr Christopher Catlow will remain on the Board as a Non-Executive Director, and one of the other current Non-Executive Directors of the Company will resign. Mr Martin Hacon will remain as Managing Director and Chief Executive Officer.

Indo Mines has agreed, subject to certain conditions and applicable laws, to provide the Rajawali Group with the right to participate in any new issue of shares issued by the Company for a period of 5 years from completion of the Placement. Such participation shall be subject to requisite shareholder and regulatory approvals as may be necessary from time to time and will be on the same terms and conditions as those offered to other investors. The Rajawali Group will also be offered the right to underwrite or sub-underwrite any new issue of securities (including a rights issue) on customary terms.

For the period commencing on the date of the Agreement and ending at 5pm (WST) on the date which is the earlier of the completion date and 3 December 2012, the Company has granted Rajawali Group exclusivity pursuant to which the Company must ensure that it does not either directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations, discussions or proposals, or engages with any person, which may reasonably be expected to encourage or lead to, a transaction whereby a third party (other than the Rajawali Group) may acquire a relevant interest in 20% or more of the Shares (**Competing Transaction**), in the absence of a superior proposal.

The Company has agreed to pay the Rajawali Group a break fee of 1% of the total subscription amount in limited circumstances including the following:

- a) breach of exclusivity;
- b) except where the independent expert opines that the transaction is not fair and reasonable to the non-associated shareholders (other than in the circumstances as a result of a superior proposal), a director of the Company changes his recommendation to shareholders or supports a Competing Transaction; and
- c) the Company materially breaches the Agreement prior to Completion, pursuant to which the Rajawali Group terminates the Agreement.

Next Steps

BDO Corporate Finance (WA) Pty Ltd has been instructed to prepare an Independent Experts Report for inclusion in the notice of meeting to be distributed to Indo Mines shareholders in respect of the transaction outlined above.

A shareholder meeting to approve the transaction will be convened as soon as practicable to ensure compliance with the conditions set out in the Agreement.

Enquiries: **Martin Hacon, Managing Director & CEO**
Telephone: +64 2163 4419