



ABN 40 009 245 210

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Level 2, 66 Hunter Street, Sydney NSW at 11:00am (AEST) on Friday, 15 September 2017.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (02) 9300 3377.

INDO MINES LIMITED

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By Order of the Board



Richard Edwards
Company Secretary

14 August 2017

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Indo Mines Limited (**Company**) will be held at Level 2, 66 Hunter Street, Sydney NSW at 11:00am (AEST) on Friday, 15 September 2017 (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Wednesday, 13 September 2017 at 5.00pm (AEST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Sale of interest in Sapex Oilfield Services Limited

To consider, and if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the disposal of the Company’s interest in Sapex Oilfield Services Limited on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a party to the transaction to acquire the asset, and any associates of that party. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 2, 66 Hunter Street, Sydney NSW at 11:00am (AEST) on Friday, 15 September 2017.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass Resolution 1 set out in the Notice.

A Proxy Form accompanies the Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on Resolution 1.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Overview of the Proposed Transaction

3.1 Proposed Transaction

As announced on 28 July 2017, the Company has entered into a conditional sale agreement to sell its 51% stake in Sapex Oilfield Services Limited (**Sapex**) to Sapex Group Limited in exchange for a 30% interest in Sapex Group Limited (the **Disposal**).

Under the conditional sale agreement, Sapex Group Limited will also purchase the remaining 49% of Sapex Group Limited from the current holders (the founders of Sapex) in exchange for the founders receiving an aggregate 30% interest in Sapex Group Limited, such that Sapex Group Limited will acquire 100% of Sapex.

Sapex is borrower under a US\$1,300,000 debt facility provided by an entity associated with APAC Partners Pty Ltd that is fully drawn and which is secured over the Company's 51% stake in Sapex (the **Sapex Debt Facility**). In connection with the Disposal, the US\$1,300,000 Sapex Debt Facility will be forgiven by the lender. In addition, a loan and associated interest totalling US\$370,150 from the Company to Sapex will also be forgiven. Following the Disposal, the lender and a range of its investors will hold the remaining 40% of Sapex Group Limited.

Contemporaneously with the Disposal, it is proposed that Sapex Group Limited will seek a listing on the National Stock Exchange of Australia Limited (**NSX**) (the **Listing**) (the Disposal and the Listing are together referred to in the Notice as the **Proposed Transaction**).

The Listing is being managed by APAC Partners Pty Ltd and is a compliance listing. No capital is being raised as part of the Listing. However the Listing will provide Sapex Group Limited with an avenue for access to debt financing for working capital.

All conditions under the conditional sale agreement in relation to the Proposed Transaction have been satisfied other than the listing of Sapex Group Limited, which is subject to the Shareholder approval the subject of this Notice.

The NSX has confirmed to Sapex Group Limited that the Listing will proceed if Shareholders approve Resolution 1.

3.2 Sapex

In January 2016, the Company announced the acquisition of a 51% stake in Sapex (a company incorporated in the British Virgin Islands) from its founders who currently hold the remaining 49% of Sapex.

Sapex is a regional provider of a composite mat system (Dura Base® Mats), which is designed for use in remote and challenging terrain-access locations. Sapex holds the licence to distribute the composite mat system within Indonesia, Myanmar and the Philippines.

Sapex also has a technical services agreement with PT Sapex Servis Indonesia. PT Sapex Servis Indonesia designs, supplies and installs specialised downhole drilling, completion and workover equipment across Southeast Asia to support the regional energy industry.

The total purchase price for the acquisition of the 51% stake in Sapex in January 2016 was US\$1,000,000. This was funded via US\$500,000 cash from the Company's cash reserves paid upon completion of the acquisition of 51% of Sapex in January 2016. A deferred consideration amount of US\$500,000 was payable on the achievement of certain operational milestones, which to date have not been achieved and this deferred consideration will no longer be payable if the Proposed Transaction proceeds.

As at 31 December 2016, the carrying value of Sapex in the Company's accounts was \$1,425,000. Sapex has not generated any revenue for the Company since the Company acquired its 51% stake in Sapex.

Sapex is borrower under the US\$1,300,000 Sapex Debt Facility that is fully drawn and which is secured over the Company's 51% stake in Sapex.

3.3 Reason for Resolution 1

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 11.4 for the Company to dispose of its 51% interest in Sapex. The consideration to be received by the Company for that disposal will be a 30% interest in Sapex Group Limited and in connection with the disposal the US\$1,300,000 Sapex Debt Facility that is secured over the Company's 51% stake in Sapex will be forgiven. Contemporaneously with the Disposal, Sapex Group Limited will list on the NSX.

Pursuant to ASX Listing Rule 11.4, a listed entity must not, without shareholder approval, dispose of a major asset if, at the time of the disposal, it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed. As set out above, Sapex Group Limited is proposing to list on the NSX.

The Company has been in consultations with ASX regarding the application of ASX Listing Rule 11.4 to the Proposed Transaction. ASX has confirmed to the Company that ASX considers that ASX Listing Rule 11.4 applies to the Proposed Transaction, such that an ordinary resolution (50.1%) of Shareholders is required for the Proposed Transaction to proceed.

The effect of passing Resolution 1 will be to allow the Company to undertake the Disposal in compliance with ASX Listing Rule 11.4.

3.4 Rationale for the Proposed Transaction

Sapex has entered into a consortium partnership with PT SAS International, a wholly owned subsidiary of Sapex, to service Dura Base® Mat rental contracts. The first of such clients is a major oil company which is a current client of PT SAS International and is currently expanding drilling operations in Java.

In order to operate such contracts, Sapex needs to expand its capital base and have access to additional working capital funding and capital for mat purchases.

The Company is not in a position to provide such capital as its focus remains on the development of its Kulon Progo iron sands / pig iron mining project rather than Sapex. As such, the Company is not in a position to provide Sapex with the capital that it is seeking to expand its capital base (including mat purchases).

The listing on the NSX will, via Sapex Group Limited, expand the capital base of Sapex, provide Sapex with access to a \$1,500,000 working capital facility and allow Sapex to operate major rental contracts in its pipeline of sales agreements.

Following the Proposed Transaction the Company will hold 30% of Sapex Group Limited's ordinary shares. While alternatives were considered to divest the stake completely, the Board considered the growth prospects of Sapex are attractive and found the Proposed Transaction gave the Company's stakeholders the greatest exposure to the potential for growth in the Sapex business (under the ownership of Sapex Group Limited) while entailing minimal capital outlay requirements as a shareholder.

3.5 Sapex Group Limited

On completion of the Proposed Transaction, Sapex Group Limited will hold 100% of Sapex.

As noted above, Sapex holds the licence to distribute the composite mat system within Indonesia, Myanmar and the Philippines. Sapex Group Limited's core business activity following the Proposed Transaction will be primarily focused on the expansion and management of the composite mat system within South East Asia.

Sapex Group Limited is not seeking to raise capital in connection with its proposed listing on the NSX and the purpose of the Listing is to facilitate liquidity for its shareholders and establish a platform for good corporate governance.

Sapex Group Limited has the following operational contracts on foot:

- a Business Licence Agreement with PT SAPEX Servis Indonesia under which, in consideration for the use of the Sapex Group Limited's intellectual property and assets, PT SAPEX Servis Indonesia will pay Sapex Group Limited a Licensee Fee (payable from the date of Listing) comprising US\$100,000 per month and 10% of the contract value of any contract PT SAPEX Servis Indonesia enters into in connection with the Dura Base® Mat product; and
- PT SAS International (an Indonesian joint venture) in connection with the arrangement under the Business Licence Agreement has tendered and been awarded a contract with Talisman Energy for the supply and service of the Dura Base® Mat product.

Sapex Group Limited's board will consist of 5 directors, 2 of whom are from the Company (Peter Chambers, the Company's Chairman and Arran Marshall, the Company's CEO).

Further information on Sapex Group Limited is contained in the Information Memorandum issued by Sapex Group Limited in connection with Sapex Group Limited's proposed admission to the official list of the NSX. Shareholders can request that a copy of the Information Memorandum be emailed or posted to them from the Company by calling the Company Secretary on (02) 9300 3377.

3.6 Effect of the Proposed Transaction on Shareholders in the Company

Immediately following completion of the Proposed Transaction:

- There will be no change to a Shareholder's shareholding in the Company. However, the 51% interest that the Company holds in Sapex will be transferred to Sapex Group Limited in exchange for a 30% interest in Sapex Group Limited.
- In connection with that transaction, the US\$1,300,000 Sapex Debt Facility that is secured over the Company's 51% stake in Sapex will be forgiven. A loan and associated interest totalling US\$370,150 from the Company to Sapex will also be forgiven.
- The Company will hold 30% of Sapex Group Limited's ordinary shares. Sapex Group Limited will hold 100% of Sapex and Sapex Group Limited will be listed on NSX.
- A Shareholder's interest in the Sapex business will therefore be diluted, but the Company's 30% interest in Sapex Group Limited:

- will be in the form of shares quoted on NSX and is therefore expected to be more liquid than the Company's current holding in Sapex; and
- will not be subject to the security to which its current 51% interest in Sapex is subject.

The proposed capital structure of Sapex Group Limited is summarised as follows:

Name	Percentage %
Indo Mines Limited	30.00%
Ron Larson (Sapex founding shareholder)	15.00%
Kyle Larson (Sapex founding shareholder)	15.00%
APAC Partners Pty Ltd	4.79%
Remaining shareholders (each holding less than 4.79%)	35.21%

3.7 Implications if the Proposed Transaction does not proceed

If the Proposed Transaction does not proceed the Company will remain a 51% shareholder of Sapex. That interest will subject to the security associated with the US\$1,300,000 Sapex Debt Facility. Accordingly, there is a risk that if Sapex defaults on its obligations in relation to the Sapex Debt Facility, the lender could enforce its security over the Company's entire 51% interest in Sapex.

In addition, if the Proposed Transaction does not proceed the Company will not be in a position to provide further funds to Sapex and accordingly Sapex will not be able to service its Dura Base® Mat rental contracts.

3.8 Intentions following completion of the Proposed Transaction

Peter Chambers, the Company's Chairman and Arran Marshall, the Company's CEO will join the board of Sapex Group Limited as non-executive Directors.

The Company currently intends to remain a long term shareholder in Sapex Group Limited while Sapex Group Limited executes its operating strategy, but will continue to assess options to maximise the value of its interest in Sapex Group Limited.

The Company proposes to continue its focus on the achievement of its vision of the development of the Kulon Progo iron sands / pig iron mining project in Indonesia.

3.9 Indicative timetable

Subject to the National Stock Exchange of Australia's requirements, the Company anticipates completion of the Proposed Transaction in accordance with the following timetable (which may be subject to change):

Event	Date
Date of Notice of Meeting	15 August 2017
Meeting to approve Resolution 1	15 September 2017
Completion of Disposal	15 – 20 September 2017
Proposed listing date of Sapex Group Limited on NSX	15 - 20 September 2017

4. Resolution 1 – Sale of interest in Sapex Oilfield Services Limited

4.1 ASX Listing Rule 11.4

ASX Listing Rule 11.4 provides that an entity must not dispose of a major asset if at the time of the disposal it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed.

As noted above, the Company has entered into a conditional sale agreement to sell its 51% interest in Sapex Oilfield Services Limited to Sapex Group Limited in exchange for a 30% interest in Sapex Group Limited. In connection with that transaction the US\$1,300,000 Sapex Debt Facility that is secured over the Company's 51% stake in Sapex will also be forgiven.

It is proposed that Sapex Group Limited will seek a listing on the NSX and, for that reason, Shareholder approval is sought for the purposes of Listing Rule 11.4.

Resolution 1 is an ordinary resolution.

4.2 Major shareholder

PT. Rajawali Corpora, whose controlled entities currently hold 57.12% of the issued share capital of the Company, has confirmed that it is supportive of the Proposed Transaction and that it will vote all of the shares in the Company that it owns or controls in favour of the resolution to approve the Proposed Transaction.

4.3 Board recommendation

The Directors do not have any material personal interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity of

Shareholders of the Company. In addition, as noted above, Peter Chambers, the Company's Chairman and Arran Marshall, the Company's CEO will join the board of Sapex Group Limited as non-executive Directors. In connection with these roles, Peter Chambers and Arran Marshall will each be paid non-executive director fees and be issued 50,000 shares in Sapex Group Limited (approximately 0.25% of Sapex Group Limited's share capital). Those shares will be restricted shares for two years.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares
Peter Chambers	-
Darryl Harris	210,000
Hendra Surya	-

Darryl Harris intends to vote his Shares in favour of the Resolution, subject to any voting exclusions.

Based on the information available, all of the Directors consider that the Proposed Transaction is in the best interests of the Company. The Directors have approved the proposal to put Resolution 1 to Shareholders and separately approved the information contained in this Notice.

The Directors (other than Peter Chambers who does not make a recommendation given his position as a non-executive director of Sapex Group Limited) unanimously recommend that Shareholders vote in favour of Resolution 1.

Schedule 1- Definitions

In this Notice and the Explanatory Memorandum:

"AEST" means Australian Eastern Standard Time, being the time in Sydney, NSW.

"ASX" means the Australian Securities Exchange.

"Board" means the Directors of the Company acting as a board.

"Chairman" means the person appointed to chair the Meeting.

"Company" or **"Indo Mines"** means Indo Mines Limited ABN 40 009 245 210.

"Director" means a director of the Company.

"Disposal" has the meaning given in section 3.1 of the Explanatory Memorandum.

"Explanatory Memorandum" means the explanatory memorandum to the Notice.

"Listing" has the meaning given in section 3.1 of the Explanatory Memorandum.

"Meeting" has the meaning given in the introductory paragraph of the Notice.

"Notice" means this Notice of Meeting.

"NSX" means the National Stock Exchange of Australia Limited.

"Proposed Transaction" has the meaning given in section 3.1 of the Explanatory Memorandum.

"Proxy Form" means the proxy form accompanying the Notice.

"Resolution" means the resolution referred to in this Notice.

"Sapex" means Sapex Oilfield Services Limited.

"Sapex Debt Facility" has the meaning given in section 3.1 of the Explanatory Memorandum.

"Schedule" means a schedule to this Notice.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a shareholder of the Company.

In this Notice and the Explanatory Memorandum, words importing the singular include the plural and vice versa.

INDO MINES LIMITED

ABN 40 009 245 210

PROXY FORM

The Company Secretary
Indo Mines Limited

By delivery and post:
Level 2, 66 Hunter Street
Sydney NSW 2000

By facsimile:
(61-2) 9221 6333

**Name of
Shareholder:**

**Address of
Shareholder:**

**Number of Shares
entitled to vote:**

Step 1 - Appoint a Proxy to Vote on Your Behalf

I/we being Shareholder/s of the Company hereby appoint:

☐

the Chairman
of the
Meeting
(mark box)

OR

Leave this box blank if you
have selected the Chairman
of the Meeting. Do not insert
your own name.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of the Company to be held at **Level 2, 66 Hunter Street, Sydney NSW at 11:00am (AEST) on Friday, 15 September 2017** and at any adjournment or postponement of that Meeting.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Sale of interest in Sapex Oilfield Services Limited			

* If you mark the **Abstain** box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Step 3 – Sign

Signature of Shareholder(s) – This section must be completed

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item, your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of Shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement of 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you appoint two proxies, you must specify the percentage of votes or number of Shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1.

A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

Signing instructions:

Individual: where the holding is in one name, the shareholder must sign.

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the office of Indo Mines Ltd, Level 2, 66 Hunter Street, Sydney NSW 2000 or Facsimile (02) 9221 6333 if faxed from within Australia or +61 2 9221 6333 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting.