



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 27 JANUARY 2016

ACQUISITION OF 51% OF SAPEX OIL TOOLS LIMITED

Indo Mines Limited ('Indo Mines') is pleased to announce that it has entered into an agreement for the acquisition of a 51% stake in Sapex Oil Tools Limited ('Sapex'), a composite mat, downhole tools and location management business that services the mining and oil & gas industries in Indonesia. Sapex has been operating since 1994 and services some of the largest mining and oil companies operating within Indonesia.

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. Completion is subject to Indo Mines complying with any requirements imposed by ASX under Chapter 11 of the Listing Rules. Indo Mines is consulting with ASX about the acquisition and will update shareholders once it has confirmed ASX's requirements. Indo Mines does not intend to seek shareholder approval for the acquisition unless ASX requires it.

The second tranche (US\$1.5M) is payable upon satisfaction of certain conditions linked to the performance of the business.

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. The company 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.

Indo Mines Chairman, Peter Chambers, commented on the acquisition; "We are very pleased with the acquisition of Sapex Oil Tools. Sapex is a great business that will assist in the advancement of Indo Mines' flagship Kulon Progo iron sands project by providing operational support, particularly through the use of the composite mats, as well as cash flows to assist in funding the ongoing development of Kulon Progo."

Indo Mines continues to progress its Kulon Progo project, with the definitive feasibility study for the iron plant due in May 2016. 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.

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