



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 8 JUNE 2018

TERMINATION OF PT JOGJA MAGASA IRON (PT JMI) EMPLOYEES

The Board of Indo Mines Limited (the Company) has reviewed operations, assets, liabilities, structure and employees and resolved to restructure the PT JMI human resources division in order to lower operating costs, (such review being foreshadowed in the major shareholder's intentions set out in its bidder's statement dated 14/11/2017). In addition to removing a significant monthly overhead, the restructure also removes a growing redundancy liability from PT JMI's balance sheet. The Company also notes that:

- The formula for calculating the total redundancy cost follows Indonesian manpower laws.
- The estimate to execute the redundancies, including taxes is; IDR 22,283,556,357 (including income tax) or approximately USD\$1.6M – funding for which is being provided by Rajawali and will be included within the current loan between Rajawali and the Company.
- A smaller team will be retained to maintain the Contract of Work (CoW) requirements and satisfy Corporate Social Responsibility obligations.