



INDOCHINE MINING LIMITED

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Company Announcements Office  
Australian Securities Exchange

16 Pages

## **Mt Kare Gold/Silver Project Pre-Feasibility Study (PFS) – 1 Million ounces Gold Production & 8 Million ounces Silver**

Gold development company Indochine Mining Limited (ASX:IDC) ("**Indochine**" or the "**Company**") is pleased to announce the following positive results from the Preliminary Feasibility Study ("**PFS**") on the Mt Kare Gold/Silver Project in Papua New Guinea (PNG) within exploration lease EL 1093, held by its wholly-owned PNG subsidiary Summit Development Limited.

### **PFS Highlights**

- Identification of positive factors, sufficient to warrant the commencement of a Bankable Feasibility Study (BFS), subject to funding.
- Forecast total production is 1 million ounces gold and 8 million ounces silver over 8 years.
- This scenario generates a Cumulative Revenue of US\$2 Billion with Operating Costs of US\$ 800 million generating a pre-tax internal rate of return of 28% and payback period of 4 years based on US\$1650/oz gold price.
- The estimated establishment capital cost to cover mine construction to first production is US\$218 million, which includes the processing plant (US\$96 million), a power plant (US\$15 million), and associated infrastructure, including a tailings storage facility (TSF).
- There is significant potential to optimise the project and reduce the estimated capital costs. For example, in the PFS, an owner operated mining fleet is estimated to cost \$44 million. However, it could be leased to reduce the initial capital outlay and improve the IRR. Similarly, mine operations could be provided on a contract basis and the power plant also may be leased.
- Key opportunities exist to improve project economics and extend mine life through a range of resource expansion, mine scheduling, grade optimisation, processing flow-sheet optimisation and other initiatives to be undertaken in a Bankable Feasibility Study (BFS) following PNG regulatory approvals of the PFS.
- No substantial legislative, environmental or social impediments for project development have been identified to date, with general local community support having been received.

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- The December 2011 JORC Mineral Resource of 28.3 million tonnes at 1.9g/t gold, 22.5g/t silver for 1.8 million ounces gold and 20 million ounces silver, with a higher grade zone of 700,000 ounces gold at 3.7g/t gold, has been used as a basis for the PFS. Of this, 15 million tonnes were incorporated into the mine and process schedule in the PFS.
- Results from an additional 58 diamond drill holes (7,748 metres), completed by the Company for metallurgical testing and assaying, is anticipated to enhance the resource quality. Assay results are pending on 45 drillholes. An improved JORC mineral resource estimation will be announced when all assays are received and this will form the basis of the BFS to follow.
- Planned exploration drilling outside of known mineralised zones, and to extend identified high grade zones, is anticipated to extend the potential mineral inventory.
- The preferred processing route is a crushing circuit targeted at 1.7 Mtpa, with Phase 1 of the Project to use CIL circuit leach tanks for treatment of the nearer surface "CIL amenable" resource in years 1-4. This is followed by a Phase 2 plant upgrade introducing sulphide flotation and treatment of the flotation concentrate for years 4-8 sourced from the WRZ and BZ "non CIL-amenable resources".
- Production is estimated to commence in 2015 with modelled output of 100,000-160,000 ounces of gold per annum and 700,000 – 1,100,000 ounces silver, with an average life of mine strip ratio of 3.8.
- Overall gold recoveries of 83-88% for both CIL and flotation processing routes.
- Fully contained land-based Tailings Storage Facility (TSF) located on site in a valley that is adjacent to the process plant location to last the Life-of-Mine (LOM), which is subject to PNG government approval.
- On schedule for lodgement of a mining licence application by late 2013 following the completion of the BFS.

Indochine's CEO, Stephen Promnitz, commented "the PFS study has demonstrated the economic strength of the Mt Kare project, and with further significant upside achievable through optimisation and resource expansion should deliver potentially one of PNG's next gold mines."

"The Company has delivered on its commitment to regulators to complete the Mt Kare project to pre-feasibility stage. Now the focus is to deliver a bankable feasibility study and move into production thereafter. In the near-term, the company will continue to release assay results from its latest drilling programme, which is expected to lead to a resource upgrade."

*For further details:*

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**SUMMIT**

**Summit Development Limited:  
a PNG subsidiary of Indochine Mining Limited.**

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**Addendum:**

**Summary of the Mt Kare Gold/Silver Project Pre-Feasibility Study**

**Location**

The Mt. Kare Project, located in Enga Province in the highlands of Papua New Guinea (Figure 1), is covered by exploration license EL 1093, an area of approximately 220km<sup>2</sup>. The project is about 15km SW of Barrick’s Porgera Mine, 30km N of Tari, 140km NW of Mt. Hagen and about 600km NW of Port Moresby. The project site is situated between 2,700m and 3,000m above sea level with a cool climate, temperatures between 5-25° C and an annual rainfall of about 3,700 mm.



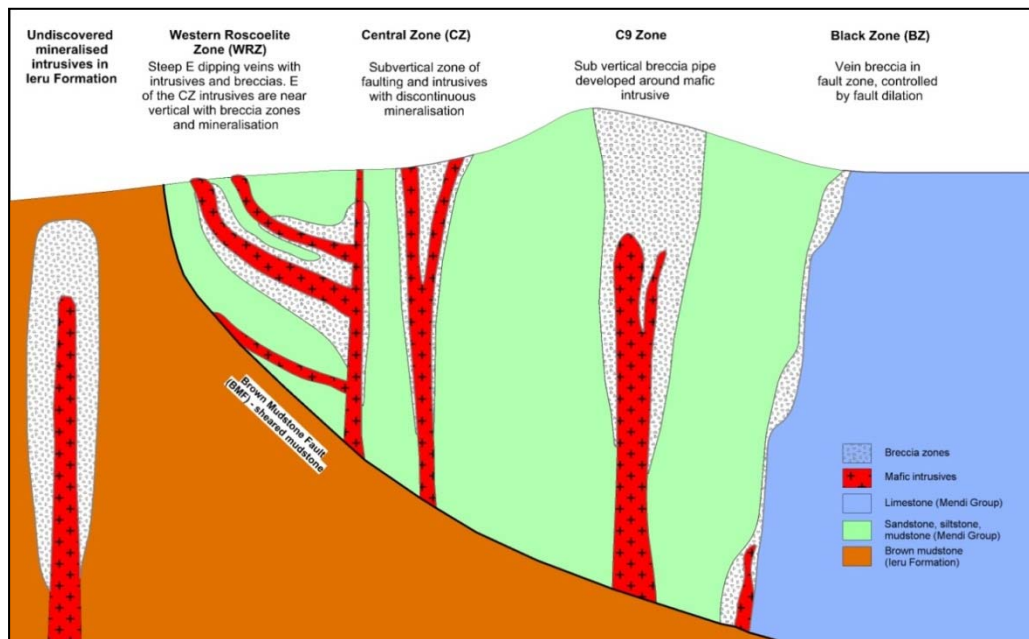
**Figure 1: Location of Mt. Kare Project relative to other major projects in PNG**

The closest road access to the Mt. Kare area is provided by an all-weather road from Mt. Hagen to the Porgera mine site. The road comes to within 7 km of the project site. Heavy transport can also access Tari from Mt Hagen via the recently improved all-weather Highlands Highway. The Project site currently does not have any existing infrastructure, making it a remote project site. Power lines from the Hides Gas Project in Hela Province that provide power to the Porgera operations, is located in an easement that cuts through the current EL1093 lease boundary. The Project area does not have cell phone coverage, and all communications is via satellite link, and an HF radio telephone system used within the lease area.

**Geology**

The Mt. Kare deposit is hosted by Mesozoic and late Tertiary marine continental shelf sedimentary rocks which consist of limestones, siltstones and sandstones, deformed by thrusting and folding following continental collision. Mineralisation at Mt Kare is developed around dyke-like mafic intrusives emplaced within sediments. These intrusives have an alkaline geochemical signature, suggesting they originate from deep mantle magmas, of essentially the same composition as Porgera, classified as a low sulphidation epithermal deposit.

Of greater importance is the observation from Porgera, after 20 years of mining, that the deposit has a depth extent exceeding 1000 m vertically, with mineralisation still been discovered at this depth below surface. This is of great importance for exploration at Mt Kare, as this implies there is considerable potential for the discovery of additional ounces in the deposit. A schematic model of Mt Kare mineralisation is presented in Figure 2.



**Figure 2 Conceptual models for epithermal gold deposits**

### Mineralized Zones and Dimensions

Mineralisation at Mt Kare is defined by five separate structurally controlled bodies that cover a surface area of 900 m by 650 m, elongated in a NE direction.

The five mineralised zones consist of the:

- Western Roscoelite Zone (WRZ), in the centre and south of the deposit;
- C9 zone in the southern part of the deposit;
- Central Zone (CZ), shoot-like bodies located in the central and north of the deposit;
- Black Zone (BZ) in the north of the deposit;
- The Upper Zone (UZ) weathered and oxidised supergene mineralisation

Mineralisation at Mt Kare is controlled by faults, changes and flexures in fault geometry, proximity to lithological contacts, the presence of sill and plug-like mafic intrusives and breccias developed in fault zones or in proximity to intrusives.

The main control to mineralisation is a poorly defined NE striking structure/fault which links the BZ, C9 and WRZ mineralisation, bounded by NNE striking faults, with a deep seated breccia pipe reflected in the C9 mineralisation.



Figure 3 Aerial view of mineralised zones, looking to the South East.

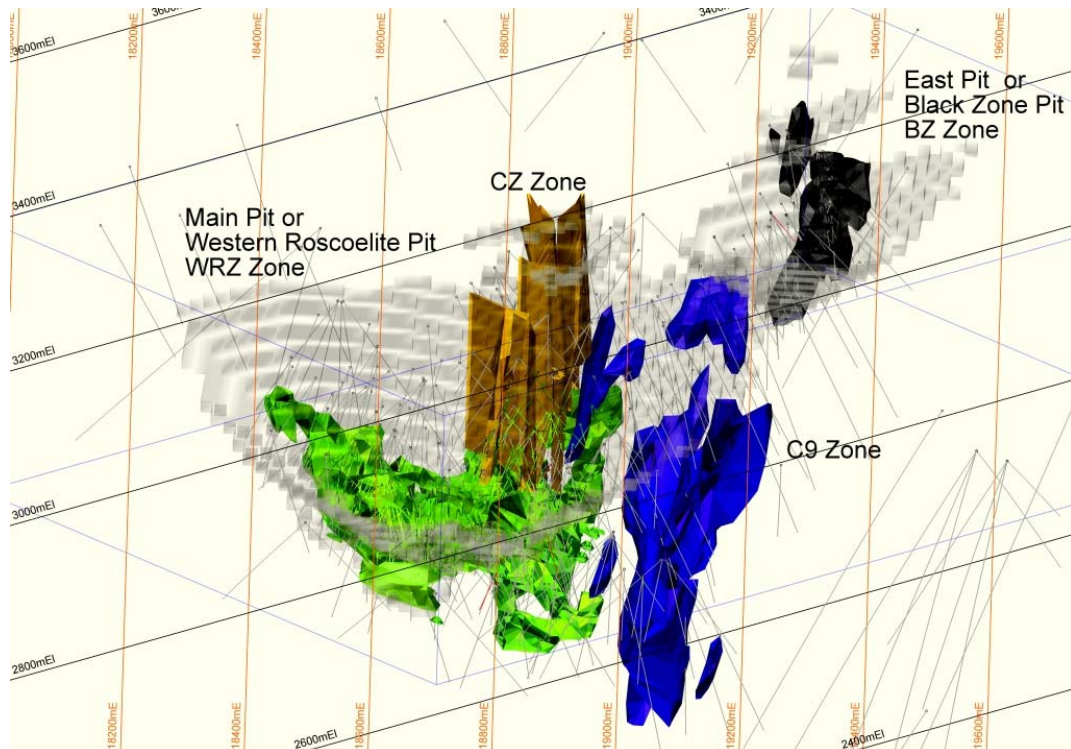


Figure 4 Mt Kare modelled pit shells with mineralised zones, looking to the North East

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## Mineral Resources

The December 2011 JORC-compliant Indicated and Inferred Mineral Resource of 28.3 million tonnes at 1.9g/t gold and 22.5g/t silver for 1.8 million ounces gold and 20 million ounces silver (Table 1), with a higher grade zone of 700,000 ounces gold at 3.7g/t gold, has been used as a basis for the PFS. 15 million tonnes are incorporated into the mine and process schedule. It should be noted that this scheduled production is based on the Indicated and Inferred Mineral Resource and that the Company is not declaring an ore reserve estimate as part of the PFS, with this work being scheduled for the BFS. An amended and improved resource estimation under JORC guidelines will be submitted when assays are received for all drilling undertaken and the Company expects this will aid in the future conversion of a reasonable proportion of the Resource material to Indicated status such that this can then be considered for conversion to an ore reserve by early 2013.

Lower Au Cut (g/t)	Classification (JORC 2004)	Tonnes (Mil)	Gold		Silver		Au + Au Eq (Ag)	
			Grade (g/t)	Metal (koz)	Grade (g/t)	Metal (koz)	Grade (g/t)	Metal (koz)
0.5g/t Au	Indicated	5.9	3.7	700	30.0	5,680	4.3	800
	Inferred	22.4	1.5	1,060	20.5	14,720	1.9	1,330
	<b>Total</b>	<b>28.3</b>	<b>1.9</b>	<b>1,760</b>	<b>22.5</b>	<b>20,400</b>	<b>2.3</b>	<b>2,130</b>
1.0g/t Au	Indicated	5.8	3.7	700	30.1	5,660	4.3	800
	Inferred	14.8	1.8	880	22.6	10,720	2.2	1,080
	<b>Total</b>	<b>20.6</b>	<b>2.4</b>	<b>1,580</b>	<b>24.7</b>	<b>16,380</b>	<b>2.9</b>	<b>1,880</b>

Material classified as Indicated Resources are within shells interpreted from the 2011 block model that define high grade Au mineralisation (+2g/t Au) which is close to surface. It is considered that material within these volumes have a high probability of being economically extracted, with the data risks considered. The rounded estimates in the table above do not imply precision. Nominal lower Au grade cuts are applied, and due to the nature of the deposit, also approximate the geological mineralisation cut-off. Au equiv. grades for the Ag estimate are calculated on an Au price of US\$ 1200/oz and Ag of US\$ 22/oz or 54.55 silver ounces per 1 gold ounce.

## Mining

The Study is based on an 8.5 year project life with a crusher feed target of 1.7 Mtpa, the first 3-4 years of which is near surface "CIL amenable" resource. Thereafter, from years 4 to 8, an upgraded plant which adds sulphide flotation and treatment of the flotation concentrate to the existing circuit, treats the Western Roscoelite and Black Zone "non CIL- amenable" resources.

Mining commences with overburden stripping and accessing "CIL amenable" resources. Processing starts in the third month after the commencement of mining and increases to a rate of 200 tph of ore by the sixth month when commissioning commences. Processing then continues at this rate until project completion.

The mining area (Figure 5) comprises a Main Pit and East Pit, variously described as Western Roscoelite (WRZ) Pit and Black Zone (BZ) Pit respectively with the main Waste Dump located to the South of the Main Pit as depicted. Waste from the East Pit may be mined early and possibly utilised for the Tailings Storage Facility (TSF) to buttress the TSF embankment. Pit designs were optimised at a US\$1500/oz gold price. The ROM Pad is located to NW of the proposed Plant Site and the ROM Pad as drawn, is adequate for current requirement. The mining schedule indicates a requirement to store 1,200 kt of ore due to treating CIL amenable material for three years after commissioning and also providing a constant ore flow to the processing plant in all years.

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The average waste to ore strip ratio is 3.8:1. Total material movement for each of Years 1 and 2 is  $\pm 7$  Mtpa, an average of approximately 10 Mtpa for each of Years 3 and 4, then reducing to an average of  $\pm 7$  Mtpa for the last three years of operation, summarised in Table 2.

Table 2 Key Mining Quantities						
Mining Quantities	Total Mt	Waste Mt	Strip Ratio	Mill Feed Mt	Au g/t	Ag g/t
Total	68	53	3.8	15	2.5	26

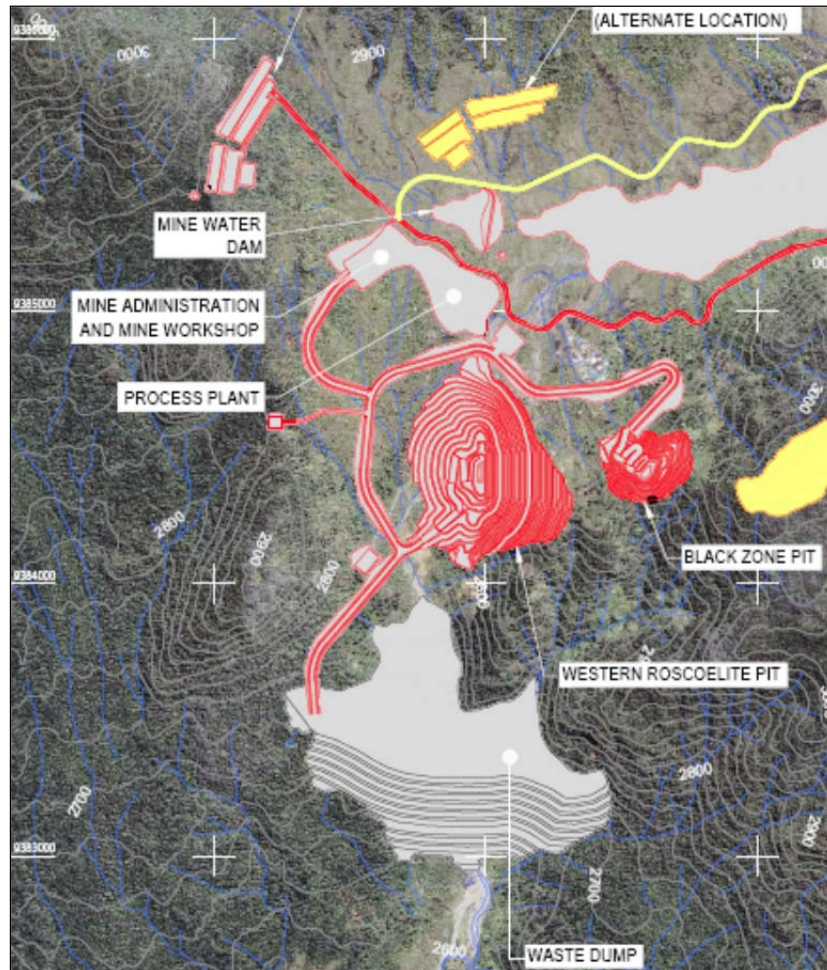


Figure 5: Mine Area Layout

## Metallurgy and Process Plant

The gold/silver resource comprises two distinct domains. The first is defined as “CIL amenable” material, containing  $<0.8\%$  total S, and within the deposit, is generally less than 40 m below surface. This material responds well to typical Carbon in Leach (CIL) processing, yielding 80-88% gold recoveries on testwork undertaken to date. Below the “CIL amenable” material, the test material, containing  $>0.8\%$  total S, yielded low recoveries to direct cyanidation. Therefore, this material has been classified as “non-CIL amenable”, requiring an alternate metallurgical process and a staged development incorporating flotation followed by alternative processes to liberate the precious metals from a flotation concentrate.

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The plant design caters for treatment of the “CIL amenable” resource in years 1-4 with a plant upgrade introducing sulphide flotation and treatment of the flotation concentrate for years 4-8 treating the Western Roscoelite and Black Zone “non CIL-amenable” resources. A processing schedule is set out in Table 3 and a possible plant layout is set out in Figure 6.

Table 3 Process Design Criteria			
		Years 1 – 3	Years 4 – 8
Parameter	Unit	Quantity	Quantity
Resource Tonnage	Mt	5.2*	9.7
Gold Head Grade	g/t	2.3	2.7
Silver Head Grade	g/t	28	25
Treatment Plant Throughput	Mtpa	1.7	1.7
Treatment Plant Throughput	tph	200	205
Plant Availability	%	90	88
Total Gold Recovery	%	88	83
Total Silver Recovery	%	49	74

\* Additional 500,000t in initial period

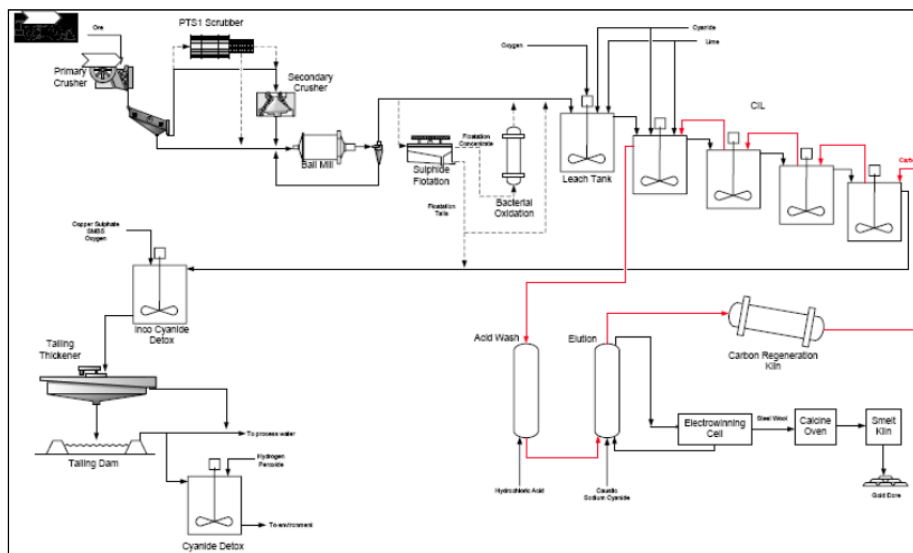


Figure 6: Schematic Process Flow Diagram

## Tailings Storage Facility (TSF)

A fully engineered TSF, subject to PNG government approvals, would be designed to permanently store mine tailings, located adjacent to the process plant in the Pinuni Valley. Embankment design will be modelled to retain storm water events within a return period of up to 100 years. The TSF, currently designed to be lined with local clays, also entails a rigorous water management system that also accounts for emergency overflows. A full geotechnical and hydrological analysis and testing will be undertaken in the BFS, and including a full assessment of environmental and discharge conditions for decanting the TSF. Key lessons learnt from the Hidden Valley project’s TSF design will also be utilised due to similarities in operating conditions.

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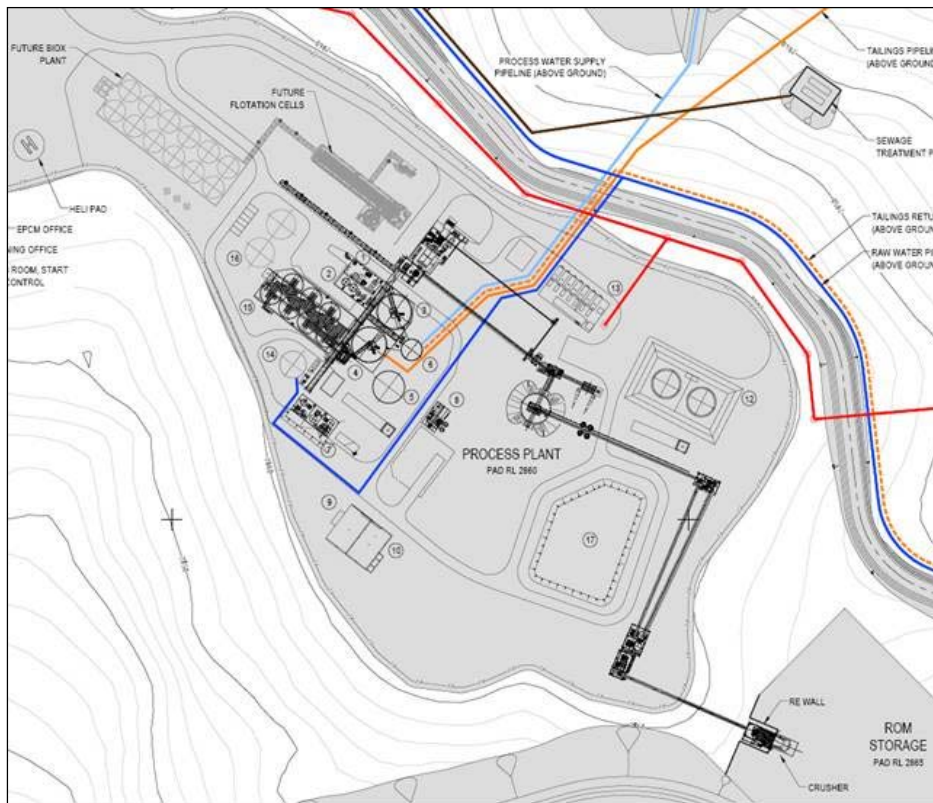
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**Figure 7: Possible Plant Layout**

## Infrastructure and Utilities

The proposed infrastructure and utilities for the Project listed hereunder are broadly depicted in the Infrastructure Layout include:

- An 11 km long access road to be built extending from the end of the existing Porgera Wale Creek water supply road and generally following the foot of the limestone escarpments to reach the Process Plant site.
- A new accommodation camp as per figure located near the process plant site and intended for use in both the construction phase (up to 800 beds) and during permanent mine operations (400 beds).
- Site earthworks comprising  $\pm 710,000 \text{ m}^3$  for the process plant, mining buildings, accommodation camp and mine administration areas
- Mine Haul Roads (3 km) from the mine pits to process plant crusher and ROM and also to a waste dump site
- A mine water dam (100ML) for mine pit water containment and various catch drains for diversion away from infrastructure
- A 5.8 km long site raw water supply pipeline for process plant clean water, site fire water and a 4 km long potable water supply pipeline
- Mine pit dewatering pipelines and process water pipelines

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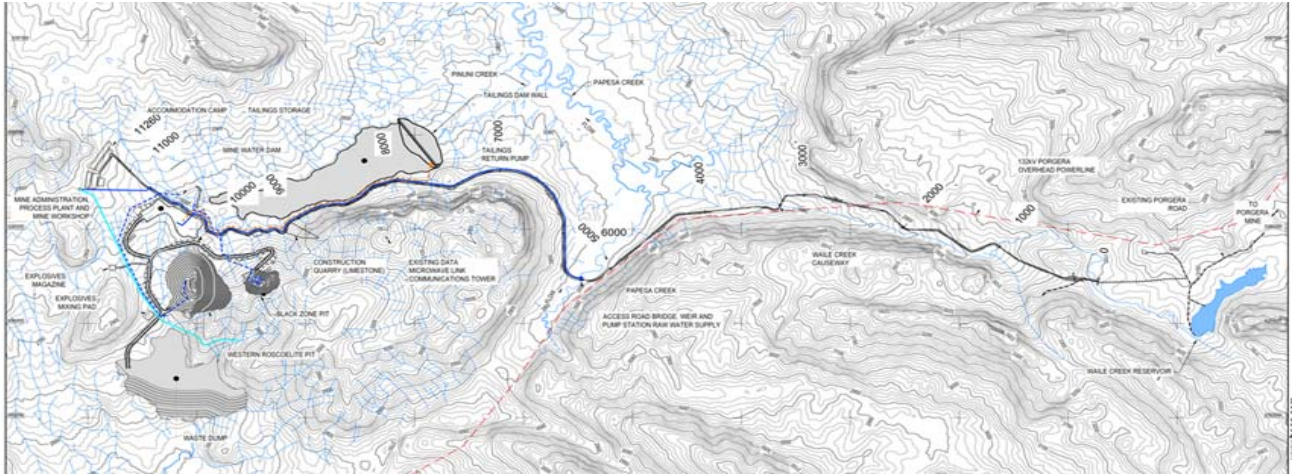
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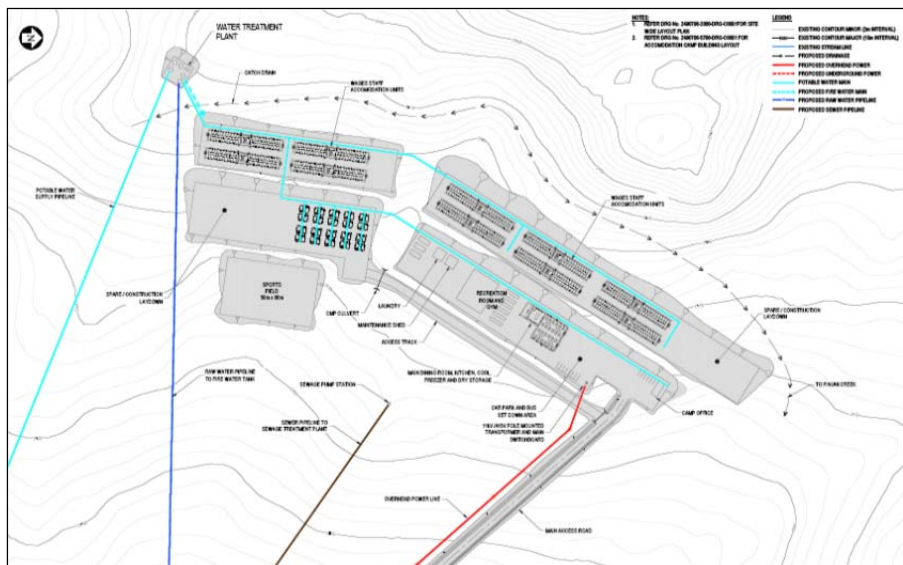
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- Mine buildings including mine truck workshop (with 3 off 7 m \* 17 m bays and 15 t travelling crane), Wash bays, 300 m<sup>2</sup> warehouse, fuel systems and storage mining office, mine administration offices and facilities
- Diesel power station (9.6 MW) and bulk diesel tanks (2.4 MI)
- Site electrical distribution and communications installations
- Fire water, potable water and sewage treatment plants and reticulation



**Figure 8: Proposed Infrastructure Layout**



**Figure 9: Proposed Accommodation**

## Environment

Development of the Mt Kare Project will take place in a high rainfall, high altitude setting with the main components of the Project from an environmental perspective comprising two open pits, run-of mine stockpiles prior to processing, mine waste dump/s, process plant, tailings storage facility, water supply, power supply, infrastructural buildings, accommodation camp and access roads. Water in the southern portion of the property collects into Maratane Creek, the Ere River, and the Tagari River system. Water from the northern portion of the property collects in the Pinuni Creek, Wale Creek, the Pacubeia River and eventually into the Lagaip River.

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The project is envisaged to advance into a Bankable Feasibility Study (BFS). The processing and storage of mineable materials and waste will be carefully assessed as part of the BFS, in conjunction with the MRA and DEC. The use of Cyanide is planned within the CIL circuit, with a cyanide destruction circuit used prior to disposal in a Tailings Storage Facility (TSF) on site, subject to appropriate regulations and following world's best practice guidelines.

The three stage process of registering intent to carry out preparatory works through to EIS submission, DEC assessment of the EIS (including public review) and Environment Council review through to Ministerial approval in principle with the granting of environment permits has commenced. The Company has commenced the process with the Department and is on track to have all approval processes managed effectively in association with Government. The final step in the process is the issue of the Environmental Permit, in turn dependent on the approval in principle of the EIS by the Minister under s.59 of the act.

### **Community and Sustainable Development**

As physical and social infrastructure is poorly established and the area has few local community inhabitants, Indochine must draw on the experiences from other mining projects in PNG (such as the nearby Porgera Gold Mine) in dealing with social issues likely to be associated with the Project. The company has, to this end, together with Government, completed a Land Investigation Study (LIS) leading to preparation and signing off of the Report confirming the findings of these studies and leading to paying of compensation to the legitimate land holders. The Company is also initiating a series of investigations that will provide a basis for (i) the project's environmental approvals, and (ii) ongoing project development and implementation.

Indochine and Summit Development Limited have already provided needed health services in the area of the Mt Kare project. It is planned that when the project is in development, the company would work closely with local and provincial governments to improve the provision of services in the local area.

### **Establishment Capital Costs**

The estimated initial establishment capital cost to cover mine construction to first production from the PFS is US\$218 million. The addition of an owner operated mining fleet, if selected, results in a total capex of US\$262 million, set out in Table 4.

There is significant potential to optimise the project and reduce the estimated capital costs. For example, in the PFS, an owner operated mining fleet is estimated to cost \$44 million. However, it could be leased to reduce the initial capital outlay and improve the IRR. Similarly, mine operations could be provided on a contract basis. The 9MW power plant also may be leased. The PFS estimates of ongoing capital expenditure for the life of mine include an expanded processing plant (flotation circuit) by the fourth year and an expanded TSF, are estimated to be US\$95 million.

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Table 4 Capital Cost Summary			
Description	Initial Capital (US\$M)	Deferred Capital (US\$M)	Total LOM Capital (US\$M)
<b>Process Plant</b>	<b>96</b>	<b>54</b>	<b>150</b>
<b>Infrastructure</b>	<b>58</b>	<b>0</b>	<b>59</b>
Mine roads, buildings, water	32		
Accommodation camp	12		
Power generation + distribution * <sup>1</sup>	15		
<b>Tailings Storage Facility</b>	<b>22</b>	<b>30</b>	<b>52</b>
<b>EPCM + Support</b>	<b>32</b>	<b>9</b>	<b>42</b>
<b>Owners Costs &amp; First Fill</b>	<b>10</b>	<b>0</b>	<b>10</b>
<b>INITIAL ESTABLISHMENT CAPITAL COST</b>	<b>\$218</b>		
<b>Mining Fleet **<sup>2</sup></b>	<b>44</b>	<b>0</b>	<b>44</b>
<b>Closure Costs</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>TOTAL (US Dollars)</b>	<b>\$262</b>	<b>\$95</b>	<b>\$357</b>

\*1 Assuming owner purchase, not leased

\*\*2 Assuming owner operated fleet, not leased

## Financial Analysis

The financial analysis has determined the following results in Figure 10 for a base case project, indicating a financial viable project at the PFS stage. This scenario generates a Cumulative Revenue of \$2 Billion with Operating Costs of \$ 800 million with a pre-tax internal rate of return (IRR) of 28% and payback period of 4 years assuming a US\$1650/oz gold price and US\$30/oz silver price, on a 100% basis.

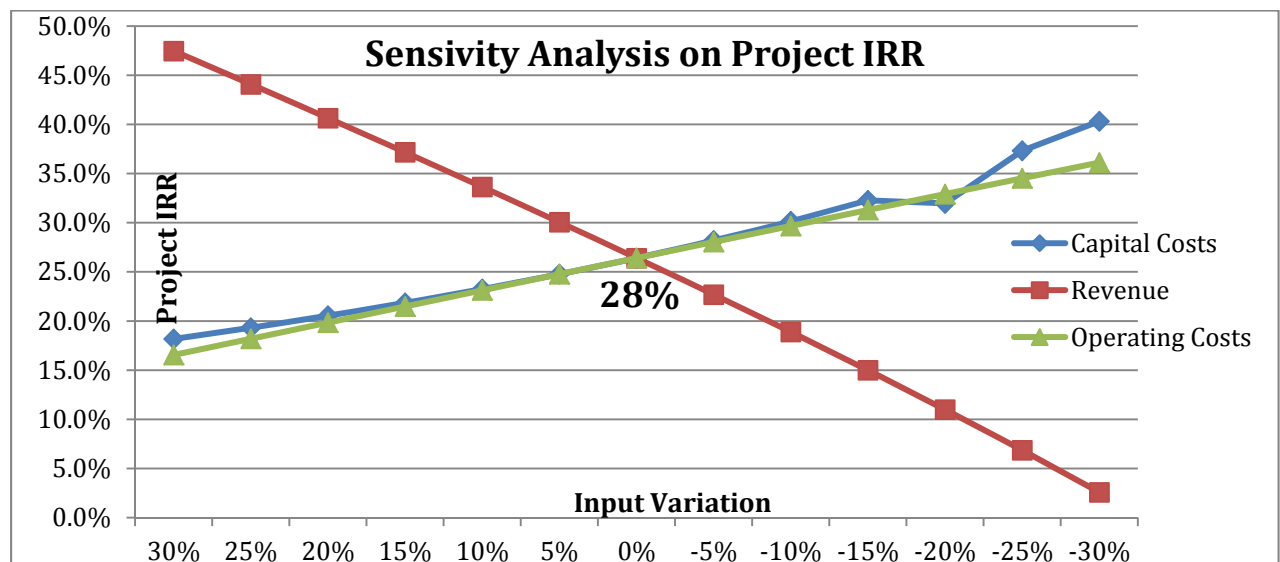


Figure 10: Summary of Sensitivity Analysis on Project IRR

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## Permitting

The *Mining Act 1992* is the principal legislation governing the mining approvals process in PNG, administered by the Minerals Resources Authority (MRA). The Act governs the exploration, development, processing & transport of minerals and vests ownership of all minerals with the state.

The rights to explore for, mine and sell mineral resources are granted in the form of tenements which are provided for a fixed term over a fixed area to companies committed to programs of exploration or mining development and approved by the state.

The primary statutory approvals required for the project under the Act are associated with the need to obtain the appropriate tenement leases. Various tenement leases available include:

- Exploration licence (EL).
- Mining lease (ML).
- Special mining lease (SML).
- Alluvial mining lease (AML).
- Lease for mining purposes (LMP).
- Mining easement (ME).

In a similar way to the Hidden Valley Project, the Mt Kare project mine area is likely to operate under an ML, with various LMPs being required for particular mine facilities and infrastructure.

The Company's aim is for a Bankable Feasibility Study (BFS) to commence subject to funding. Indochine's wholly owned subsidiary, Summit Development Limited, has delivered on the commitment to regulators to achieve the initial work programme that was planned for EL1093, progressed exploration to the next level and completed the Mt Kare project to the pre-feasibility stage.

The *Environment Act 2000* is the principal legislation for regulating the environmental and social effects of projects in PNG. This act is administered by the Department of Environment and Conservation (DEC). The Mt Kare Project is likely to be a Level 3 activity under the Environment (Prescribed Activities) Regulation 2002 (sub-category 17), for which an environment impact statement (EIS) is required to be submitted to the DEC. A permit application to undertake a Level 3 activity will not be accepted unless it is accompanied by an EIS.

The environmental impact assessment process involves the following:

- Submission of a Notification of Preparatory Work (NoPW) to register the company's intention to undertake preparatory work for Level 3 activities under s. 48 of the act.
- Submission of an Environment Inception Report (EIR) under s. 52 of the Act. The EIR describes the scope of the environmental and social studies program required to prepare the EIS.
- Submission of an EIS under s. 53 of the act. The EIS addresses the issues in the EIR and provides a detailed description of: the proposed project; the predicted environmental and social impacts of the project; and the company's management, monitoring and reporting commitments.

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## Project Strengths and Opportunities

The PFS has identified the following strengths and opportunities of the project:

### Technical Aspects

- The proving of the geological resource, whilst underway for two decades has not been developed to anywhere near its full potential and the 8 years mineable resource set out in this Report has the potential to be extended significantly with methodical and thorough investigation. Assay results returned from part of the 58 drillholes completed to September 2012 indicate the potential for an increase to the grade of the resource which may improve future production forecasts. A potential new discovery 1 km south of the main resource suggests significant extension potential.
- Mining is conducive to large scale conventional open pit mining operation. Local surface mining of coarse gravity gold has occurred for over 24 years, although near surface material has yet to be developed to a reserve status. The coarse particulate gold in near surface material presents an opportunity for resource growth with improved sampling and is potentially amenable to gravity separation.
- A CIL amenable process is planned for the first three years of operation to provide a simple process to facilitate a prompt ramp-up and more rapid payback of capital.
- The tailings repository is a land based facility in a valley so that solids are retained for the protection of the environment.
- Limestone is abundant and this provides for local construction materials and neutralising capacity.

### PNG Project Specifics

- The PNG National Government and the Provincial Government of Enga and Hela have been supporters of the development of resource projects and have shown a level of support and collaboration, considered to be due to the desire for development in this remote part of PNG and for this specific Project to be finally developed after more than two decades of assessment.
- Summit Development Limited, and its parent, Indochine Mining Limited, are committed to mine development at Mt. Kare and have taken a pragmatic and concerted approach to demonstrating the feasibility of an economic mining project with the support of all stakeholders. This has also gained broad support from landowner communities and all levels of Government.
- The company has progressed well in determining legitimate land claimants to the project area based on Melanesian criteria for landownership and criteria stipulated in the Lands Act; something that has been difficult in the past due to various claimants from both sides of Enga and the new Hela Province. The use of Government processes to achieve this has thus far delivered and, for the future, ensured total Government support in upholding these findings.

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- The Project Team is working with the legitimate land claimants to ensure their participation in the process of securing the Project and sharing in the Project's future benefits. Lessons learnt from other mining operations are also being applied at Mt. Kare to ensure a sustainable approach to mine development and operation that will apply for life of mine operations.

### **Location**

- The area is generally uninhabited in the immediate vicinity of the mine, apart from transient small settlements and disturbance to local dwellings will be minimal. Road access to the area is available within 7 km of the Project where the Porgera Project draws its water from Wale Creek.
- The Hides Gas to Porgera high tension overhead power line passes over the Mt Kare area within 3 km of the Resource.

### **Planned Next Steps**

The planned Bankable Feasibility Study will initially address:

- Enhancement of mineral inventory, conversion of the inferred mineral resources to a higher resource category and the generation of an initial ore reserve;
- Optimised mine scheduling;
- Near surface sampling to assess the use of a gravity separation circuit;
- Improved processing plant alternatives & variability testing of ores based on further data;
- Optimisation of the estimated capital cost;
- Review of infrastructure;
- Review of energy alternatives on site, including gas power and mini-hydro power.

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## Cautionary and PFS Notice

- The PFS estimates are stated in un-escalated real 2012 dollars and are presented in US Dollars (\$) unless otherwise noted. All estimates are on a pre-tax ungeared 100% basis.
- The PFS results are indicative only. They are based on assumptions considered reasonable by Indochine and its external consultants, which may not all be ultimately achieved. Technical and economic estimates in the PFS are prepared to varying confidence of accuracies with an expectation of overall accuracy of  $\pm 30\%$ . The Mt Kare Project is not at Feasibility Study stage. A decision is anticipated to advance the Project to a Bankable Feasibility Study (BFS) after regulatory approval and suitable finance is arranged. The decision to proceed with development of the Mt Kare Project will be based on the future BFS which will include the preparation of a formal ore reserve estimate. It should be noted that Indochine is not declaring an ore reserve estimate as part of the PFS, with this work being scheduled for the BFS.
- The PFS has scheduled production based on the December 2011 JORC Resource (Table 1) with expected mining parameters applied. The Company expects that the drilling undertaken, awaiting assay results, will aid in the future conversion of a reasonable proportion of the Resource material to Indicated status such that this can then be considered for conversion to an ore reserve as part of the BFS, which may not be ultimately achieved. In accordance with relevant regulations governing the disclosure of mineral projects, readers are cautioned that scheduled production based on resource material is considered speculative.
- Certain statements in this document are forward-looking statements, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks and uncertainties, many of which are outside the control of the Company, and the forward-looking statements involve subjective judgement and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Given these uncertainties, readers of this information are cautioned not to place undue reliance on any forward looking statements.

### Competent Person Statement

*David Meade, a contractor for Indochine Mining Ltd, is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken, being reported herein as Mineral Resources, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). David Meade has previously consented to the public reporting of these Mineral Resources in the form and context in which they appear.*

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