

Quarterly Activities Report - For Quarter Ended 31 March 2014

HIGHLIGHTS AND ACHIEVEMENTS

Company Announcements Office
 Australian Securities Exchange
 30 April 2014

Mt Kare Gold/Silver Project PNG Funding the Development of High Grade Gold Zones



ASX:IDC POMSoX:IDC

Company Directors

Hugh Thomas
Non-Executive Chairman
Gavan H Farley
Non-Executive Director
Dr Michael Leggo
Non-Executive Director
Craig Dawson
Non-Executive Director

Management

Stephen Promnitz
Chief Executive Officer
George Niumataiwalu
PNG Country Manager
Anthony W Burgess
Technical Geological Consultant
Ashok Jairath
Chief Financial Officer

Major Shareholders

Baker Steel Capital	10.0%
Genesis Asset Mgmt	10.0%
MCA Nominees	8.3%
Capital Group	7.3%
BlackRock	~4.0%

Corporate

Market Cap (28/04/14) ~\$69M
 Shares Issued 1003M

Corporate Address

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 Sydney NSW 2000 Australia
info@indochinemining.com
www.indochinemining.com

Finance - Underground Drilling and Development

- A \$3.4M capital raising was completed at \$0.09 per share, at a premium to market, to new and current shareholders;
- Indochine has been approached by potential investors seeking a joint-venture investment in the Mt Kare Project, aimed to fund the project into production, linked to a cornerstone placement in IDC. Investment discussions are ongoing with several parties and the company anticipates a conclusion in the near future;
- While discussions are underway with potential investors, work on site has been reduced until it becomes clearer that a joint venture will eventuate or the company will continue to sole fund the project; and
- **Local PNG Landowner Groups subscribed for new IDC shares to be quoted on POMSoX.**

Development of High Grade Gold Zones

- Initial work has been delayed on the underground drive (adit) and portal, for direct access to the high grade gold/silver zones; and
- **Targeting an increase to +1 Million oz at 10 g/t Au in 6-9 months*** to expand current 2.1 Million ounce resource;

New High Grade Gold Targets Extended

- Mapping has extended a new undrilled high grade target.

Landowner Investigation Study

- Documentation advanced for the final Landowner Investigation Report (LIR) prepared by consultants and the Lands Department;

New Board Members Reflect Move to Development

- Hugh Thomas, an experienced mining industry investment banker, has been appointed as the new Chairman, after an extensive search. He was previously Head of Asia-Pacific Natural Resources at JP Morgan and then Morgan Stanley;
- Craig Dawson, an experienced mining engineer joined the Board with a successful track record of project development, including Sandfire Resources' De Grussa project; and
- Ian Ross retired on 17 April 2014. The Company thanks the outgoing Chairman and wishes him the best in his future activities.

* Refer Page 2 : Summary and Development

Summary

Indochine Mining Limited (ASX:IDC, POMSoX:IDC) is a gold development company with near-term production planned from a high grade gold project at Mt Kare in Papua New Guinea (PNG). The Company is aiming to develop a high margin, low cost gold mine with production of approximately 200,000 oz gold p.a. at 10 g/t in 18-24 months, based on assumptions on recoveries of the project and at the adjoining mine*. A rapid payback is forecast of approximately 1 year on a capex currently estimated at approximately \$100 million*. Cash costs are estimated to be among the lowest in the industry*.

Significant resource growth is anticipated as the project has a similar geological setting to the adjoining world-class 28 million ounce Porgera mine, which started from development of a similar high grade zone. Successful engagement with local communities via a "Melanesian Approach" has led to a completed landowner investigation study on-site, generating broad government support.

Development of High Grade Gold Zones by an Underground Development Drive

The Company had commenced the initial development of the high grade gold/silver zones, with the preparation of a portal for an underground development drive (adit). The adit is designed for direct access to the high grade gold/silver zones, for drilling, and future mining, at the Mt Kare Gold-Silver Project.

Initial work has been delayed on the underground drive (adit) while the various finance discussions are underway. Indochine is targeting increasing the high grade zones to 1 million ounces gold at 10 g/t *, via an underground drilling programme and bulk sampling programme from an exploration adit. This will expand the current 2.1 million ounce gold resource (42.5Mt at 1.5g/t Au 13.5g/t Ag for 2.1Moz Au, 18Moz Ag). Planned drilling is aimed to increase the grade, and to extend the zones down dip. The results of the adit development, drilling and sampling is planned to provide the project with robust data for mining and a feasibility study for a mining lease application.

New High Grade Gold Targets Extended

Geological mapping undertaken by Dr Norman recently identified key mineralised structures and a particular stratigraphic horizon associated with high grade gold mineralisation at Mt Kare. Indochine has incorporated these findings and conducted further geological mapping. The study revealed new additional targets over 500 metres long in a previously undrilled area south of the main resource. Recent mapping has extended this potential target zone substantially along strike, and has potential for further high grade gold bearing structures.

Previously, Dr Norman produced a structural and stratigraphic framework for the adjoining world-class 28 million oz Porgera gold deposit which supported the discovery of additional multi-million ounces of gold.

Landowner Investigation Study

The final stage of the Landowner Investigation Study (LIS) was completed on-site at the Mt Kare Gold Project in January 2014 after more than two years of work. The LIS involved the marking of land boundaries by the identified primary landowners, validated by government officials and witnessed by relevant clans that have a beneficial interest in these land boundaries. Key to this approach is the use of the 'malu', the clan's oral history developed over 15 generations, together with an assessment of genealogy, kinship, bloodlines, land use and customary criteria.

Documentation advanced for the final Landowner Investigation Report (LIR) prepared by consultants and the Lands Dept. Rightful customary landowners and Indochine Mining can develop a socially responsible sharing of benefits with shareholders and Government.

Corporate

Cash and Shares on Issue

The cash position was \$2.0 million at 31 March 2014 (refer to Appendix 5B). The issued capital of Indochine is 1,003,497,126 fully paid ordinary shares as at 31 March 2013.

Finance - Underground Drilling and Development

A \$3.4M capital raising was completed at \$0.09 per share, at a premium to market, to new and current shareholders.

Indochine has been approached by potential investors seeking a joint-venture investment in the Mt Kare Project, aimed to fund the project into production, linked to a cornerstone placement in IDC. Discussions are ongoing and at present negotiations are inconclusive. Initially, while discussions are underway, work on site has been reduced, until it becomes clearer that a joint venture will eventuate or the company will continue to sole fund the project. Indochine took a decision to raise less funds than previously advised, to retain sufficient equity capacity to allow this investment to occur.

Local PNG Landowner Groups subscribed for new IDC shares to be quoted on POMSoX.

New Board Members Reflect Move to Development

The Company has reviewed the composition of the Board in order to achieve a better balance of the skills and expertise required to oversee the Mt Kare mine development phase.

Hugh Thomas, an experienced mining industry investment banker, has been appointed as the new Chairman, after an extensive search. He was previously Head of Asia-Pacific Natural Resources at JP Morgan and then Morgan Stanley. During his 30 year international career, and a successful track record in emerging markets, Mr Thomas developed extensive contacts in the mining and investment community globally and more specifically in the Asia Pacific region.

Corporate

Craig Dawson, an experienced mining engineer joined the Board with a successful track record of project development, including Sandfire Resources' De Grussa project.

Mr Dawson brings a wealth of experience and expertise in mine development with a successful track record spanning almost three decades in Australia and Africa. His appointment marks an important milestone for Indochine as the Company moves from the exploration to mine development phase.

Mr Dawson has had multiple roles in companies such as Lion Ore/Norilsk Nickel Australia, Northern Mining Limited, Aditya Birla Minerals Limited and Sandfire Resources NL, and most recently as the CEO of Nobel Mineral Resources in Ghana.

A key highlight in his career was his role as General Manager Operations with Sandfire Resources NL where he led the successful development of the DeGrussa Copper project in the Gascoyne region of Western Australia. DeGrussa in its entirety includes an open pit mine, underground mine and associated concentrator. Mr Dawson played a pivotal role in delivering the DeGrussa project on time and under budget. Indochine believes this level of skill and experience will be invaluable to Mt Kare's future development.

The Company thanks the outgoing chairman, Ian Ross, for his five years of service, dedication, and commitment and wishes him the best for his future. Under Mr Ross's leadership, over this period the Company has been taken public on the ASX, raised over \$100 million in equity, acquired the Mt Kare Gold-Silver Project in PNG, re-developed the camp and operational capability, and so far has established a 2.5 million ounce gold equivalent resource.

Stephen Promnitz

Chief Executive Officer, Indochine Mining Limited

Company:

Indochine Mining Limited

Stephen Promnitz, CEO

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Competent Person Statement

Anthony W. Burgess, a qualified consultant for Indochine Mining Ltd, is a member of the Australasian Institute of Mining and Metallurgy 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 Exploration Results, 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). Anthony W. Burgess has consented to the public reporting of these statements and results and the form and context in which they appear.

Forward Looking Statements, Risks and Disclaimer:

This release contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Indochine, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. The reader should not place undue reliance on forward-looking statements and neither Indochine nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Except for any liability that cannot be excluded by law, Indochine, and each of their Affiliates, disclaim and accept no responsibility or liability (including liability for negligence) for any expenses, losses, damages or costs incurred as a result of the information in this document being inaccurate or due to information being omitted from this document. The growth in high grade resources and the related mining rate and gold production rates are indicative only. They are based on assumptions considered reasonable by Indochine and its external consultants, which may not all be ultimately achieved. The Company expects that the drilling to be undertaken will aid in the future increase in contained ounces of gold within and around the high grade zones of a reasonable proportion to allow for an underground mining which may not be ultimately achieved. There is no assurance that the mineral resource estimates published by Indochine Mining can be profitably mined or that the planned exploration and project studies by Indochine Mining will result in the delimitation of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments can be achieved. Further, there is no assurance the any planned feasibility studies carried out by the Company will confirm the technical and commercial viability of the Company's Mt Kare Project. Indochine Mining's Projects are located in Papua New Guinea. There can be no assurance that the legal or regulatory regime in that country will remain in the present state, and where adverse changes occur, this may impact on the ability of the Company to viably develop its projects or retain appropriate title to its projects in order for it to do so. Indochine's operations, and the operations of the industries in which its contractors operate, are subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. Future legislation may impose further regulation, which could impact adversely on the assets, operations and, ultimately, the operating and financial performance of Indochine. Delays or failures in obtaining regulatory approval may have an adverse effect on the operational and financial performance of Indochine. Licences and permits to operate, and adjustments to those licences and permits, are subject to approvals by regulatory bodies and may not be provided in a timely manner. Any adverse material changes may have significant effects on the viability of development. The price of commodities, particularly gold, will vary over time and consequently, adverse movements in commodity prices in the future may affect the viability of prospects. In accordance with relevant regulations governing the disclosure of mineral projects, readers are cautioned that scheduled development and production based on planned increases to resource material is considered speculative.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

INDOCHINE MINING LIMITED

ABN

16 141 677 385

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	20
1.2 Payments for (a) exploration & evaluation	(1,613)	(9,958)
(b) development	-	-
(c) production	-	-
(d) administration	(276)	(1,381)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,883)	(11,301)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(81)
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(81)
1.13 Total operating and investing cash flows (carried forward)	(1,883)	(11,382)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,883)	(11,382)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,438	12,477
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	(816)
	Net financing cash flows	3,438	11,661
	Net increase (decrease) in cash held	1,555	279
1.20	Cash at beginning of quarter/year to date	492	1,757
1.21	Exchange rate adjustments to item 1.20	(15)	(4)
1.22	Cash at end of quarter	2,032	2,032

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	2
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,583	1,583
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,700
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	3,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,372	104
5.2 Deposits at call	660	298
5.3 Bank overdraft		-
5.4 Other		-
Total: cash at end of quarter (item 1.22)	2,032	492

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,003,497,126	1,003,497,126	n/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	38,296,655	38,296,655	\$ 0.09
7.5	+Convertible debt securities <i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		15,000,000		\$0.20	30/04/14
		2,750,000		\$0.20	05/07/14
		25,000,000		\$0.20	30/09/14
		1,500,000		\$0.20	30/12/14
		5,000,000		US\$0.25	17/03/15
		4,000,000		\$0.20	30/12/15
7.9	Issued during quarter Exercised during quarter				
7.10	Expired during quarter	3,000,000 500,000		\$0.50 \$0.50	08/02/14 02/03/14
7.11	Performance options (description)	14,500,000 16,500,000		nil	16/01/18 31/03/19
7.12	Issued during quarter	16,500,000		nil	31/03/19
7.13	Exercised during quarter				
7.14	Expired during quarter				
7.15	Debentures (totals only)				
7.16	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ***Ashok Jairath***
(Company Secretary)

Date: 30 April 2014

Print name: Ashok Jairath

+ See chapter 19 for defined terms.

Disclosure Under Listing Rule 5.3.3 for the Quarter Ended 31 March 2014

Mining Tenements held at the end of quarter:

Country	Tenement	Number of Tenement	Interest
Papua New Guinea	EL 1093	1	100%
Cambodia	EL 1075 – 1080* EL 1082 – 1084* EL 1086 – 1088*	12	100%
Cambodia	EL 1199 – 1200*	2	90%

*The Cambodian tenements are under application for renewal

Mining tenements acquired or disposed during the quarter and their location : - None

The beneficial percentage interests held in farm – in or farm – out agreements at the end of the quarter: - None

The beneficial percentage interests in farm – in or farm – out agreements acquired or disposed during the quarter: - None

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.