



INDOCHINE MINING LIMITED

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Company Announcements Office
Australian Securities Exchange

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Indochine Secures Option Over Mt Kare Gold Project in PNG

Indochine Mining Limited (ASX: IDC), has secured an option over the Mt Kare gold project in Papua New Guinea (PNG).

Indochine is willing to provide finance of up to \$4 million to Summit Development Limited (*Summit*), a private PNG company, and Union Pacific Pty Ltd, a private Australian company, to assist in the purchase of the Mt Kare Gold Project (EL1093), as consideration for the option. The intent is for funds to be escrowed until certain conditions have been satisfied which is anticipated to occur in the first quarter of 2011, although the full amount is potentially at risk. The conditions include, among others, final ministerial approvals associated with EL1093.

The option agreement is over the issued capital of Summit and EL1093 until 28 February 2010 to enable the conditions to be satisfied and then for Indochine to seek approval of its shareholder's to the transaction. An extension to this option can be granted under certain conditions. Under the arrangements, the funds would be returned to Indochine if certain conditions are not met and shareholders approval is not obtained. A well credentialed development partner is also involved in the negotiations. Full details of the transaction will be disclosed when the negotiations are finalised.

The Mt Kare Gold Project is located 15 kilometres south-west of the multi-million ounce Porgera gold mine in the highlands of PNG. Porgera mine has been producing between 200,000-800,000 ounces per year for over 20 years from underground and open cut operations and contained 9.3 million ounces in non-JORC NI 43-101 reserves and resources in Dec 2009 (Reserves 77.5 Mt at 3.1g/t for 7.7 million ounces; Resources 23.9Mt at 2.08g/t for 1.6 million ounces) (Source:Barrick). Mt Kare was identified in 1988 due to substantial near-surface gold and has been the subject of considerable exploration and drilling campaigns, although some challenges have prevented the project advancing previously, which include its location and landowner claims.

Indochine raised \$20.1 million on its ASX listing on 9 December 2010. While the company's focus is on large scale gold and copper exploration in Cambodia, other advanced gold and gold/copper projects in South-east Asia and the South-west Pacific are under review to bolster its portfolio.

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