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**Indochine: Market Update**

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30 October 2014

Company Announcements Office,

Indochine Mining Limited (ASX & POMSoX: IDC) is pleased to provide the following market update in relation to ongoing work at the Mt Kare Project.:

**1. Work at site*****Exploration adit and access track***

Indochine is in the process of mobilising plant to develop an underground exploration adit at Mt Kare. This adit will become the basis for a 16,600m drilling program which aims to better define and understand the known high grade zones within the current resource as well as investigate deeper targets.

The location of the portal to the adit and the path which the adit will follow have been selected following completion of investigations into local rock formations, including geotechnical drilling and testwork. The site initially targeted for the portal was eliminated due to poor ground conditions and a second site was chosen based on superior rock characteristics.

The adit is planned to start to the south of the Western Roscoelite Zone (WRZ) and initially track to the north-east for approximately 300 metres. It will then deviate north and track along the eastern limit of the WRZ for approximately 490 metres. This path will intersect high grade mineralisation which is part of the dilatational zone between two intrusive units that created the high grade WRZ. The adit will provide an excellent opportunity for drilling to:

1. better define the high grade resource in the northern WRZ;
2. test for potential repeats of the northern WRZ grade at depth.

Indochine also conducted investigations into developing an access track from Waile Creek to the proposed portal location for the adit, to be used in bringing heavy machinery to site in a more cost effective manner than by helicopter. Ground proofing of the proposed track was completed and the Company entered into negotiations with the Porgera Joint Venture (**PJV**) in relation to gaining access to the Waile Creek road. An agreement has now been successfully negotiated with PJV for this access.

***Proposed 2015 Resource Drilling Program***

The 2015 resource drilling program is part of a larger program to collect geotechnical information for the potential development of underground, open pit, roads, infrastructure and tailings storage facilities and oxide distribution data that will enable mine design, scheduling and economic studies to be completed. The Company intends to submit an application for a mining lease to the PNG Mining Resource Authority within the period of the tenement extension (once granted).

The 2015 Resource drilling program comprises two components being:

- Resource extension drilling, which is designed to find new zones to expand the existing resource base (a planned total of 11,205m) and
- Resource definition drilling, which is designed to improve confidence in the tonnage and grade estimate for the high grade zone in the northern portion of the WRZ (a planned total of 5,400m).

All holes are designed to be drilled from the Underground Exploration Adit, except for one.

The main targets of the drilling program are:

1. an area to the east of the southern portion of the WRZ. The area is approximately 100m long (north-south orientation) by 450m wide (east-west orientation) where potential exists for the formation of mixing zones between ascending LSG magmatic fluids and carbonate rich descending ground waters, with the resulting geothermal cell generating bonanza style mineralisation.
2. An area beneath the Kasi Alluvial Mine that comprise artisanal workings that have exposed a steeply dipping altered siltstone/sandstone footwall to a depth below surface of around 50m and a further 135m along strike. Two holes target the intersection of this zone with a northwest trending fault.
3. To better define the resources in the northern portion of the WRZ.
4. To test for repeats of the high grade mineralisation in the northern portion of the WRZ that may occur at depth.
5. A planned surface hole located along the north-south trending fault that forms the western limit to the Black Zone (**BZ**). The BZ hosts some spectacular intersections, including 3m at 533g/t Au, 21m at 33.8g/t Au within a broader zone of 49m at 22.3g/t Au, including 5m at 105g/t Au, with up to 600g/t Ag. The “mother” hole is planned to be 700m deep with daughter holes to be wedged off at regular intervals to provide several intersections with the fault plane. This area has the potential to define a large amount of metal within a confined zone which may represent a viable underground resource opportunity.

### 3. Stakeholders

#### **Key contractors**

The Company is in the process of renewing its letters of intent with its two key contractors for the Mt Kare project, as follows:

#### **1. G.R. Engineering Services Limited to:**

- a. manage the definitive feasibility study (or equivalent pre-development studies); and
- b. design and construct the processing plant and associated infrastructure.

#### **2. Australian Contract Mining Pty Ltd (ACM) to provide:**

- a. project management services;
- b. underground mining services (including excavation and construction of the exploration adit);
- c. diamond drilling services; and
- d. raise boring services.

These contractors are an integral part of the Company's strategic focus. The GR Engineering team comprises a highly experienced and professional team that is necessary for this project. They have been involved in the design and construction of treatment plants in Papua New Guinea and Australia in recent years. ACM has an experienced management and operating team who have operated a number of successful underground mining projects in Australia and overseas.

ACM is in the process of moving various items of plant to site to assist with the construction of the exploration adit. The photos in annexure A show some of the ACM equipment arriving in Mapai and being transported to the Company's lay down area in Hagen and also equipment being prepared to be shipped from Brisbane.

**Director changes**

Mr Gavan Farley's resignation as a director of the Company has been effected.

The Company would like to thank Mr Farley for his service to the Company and wish him well in his future endeavours.

**Corporate Advisors**

As announced on 11 August 2014, the Company appointed PCF Capital as corporate advisors in relation to any future corporate transactions relating to the Company or the Mt Kare Gold – Silver Project.

PCF Capital is in the process of collating expressions of interest from a number of interested parties and will assist the Company to prepare a shortlist of parties to progress to the next stage.

We are encouraged by the level of interest shown by parties interested in a potential transaction in order to be part of the development of Mt Kare. The Company will provide further updates to the market as appropriate.

**Future funding**

The Company continues to assess various funding initiatives including the prospect of a secondary listing on the London Stock Exchange's AIM.

**Competent Persons Statement**

Anthony W. Burgess, a qualified consultant for Indochine Mining Limited, 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 Mineral Resources and 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.

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. In accordance with relevant regulations governing the disclosure of mineral projects, readers are cautioned that scheduled production based on planned increases to resource material is considered speculative.

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Annexure A – photos of ACM equipment being transported to Company’s laydown area in Hagen, PNG



Figure 1 – ACM excavator arriving at port in Mapai



Figure 2 –Excavator loaded for transport to Hagen



Figure 3 – sea container of spare parts leaving dock in Mapai



Figure 4 – The journey to Hagen



Figure 5&6 – The convoy winds its way to Hagen



Figure 7&8 – A two boom jumbo drill preparing to be shipped from Brisbane.