

Indochine Completes Capital Raising. In Discussions with Potential Cornerstone Investors

31 March 2014

10 Pages

Company Announcements Office,
Australian Securities Exchange

- **Placement of 38.3 million shares at \$0.09 per share for \$3.4 million to new and existing investors**
- **Indochine has also been approached by potential investors seeking joint-venture investment in the Mt Kare Project as well as undertaking a cornerstone placement in IDC.**
- **Discussions are ongoing and at present negotiations are inconclusive. Given these negotiations, Indochine took a decision to raise less funds than previously advised to retain sufficient equity capacity to allow this investment to occur.**
- **The funds raised will assist in advancing Indochine towards a Decision to Mine milestone which would facilitate mine development finance discussions**
- **Raising supported by major shareholders and new investors**
- **Local PNG Landowner Groups subscribed for new IDC shares to be quoted on POMSoX**
- **IDC is focused on advancing the Development Drive to access +10g/t gold high grade zones at the Mt Kare Project for a bulk sampling program including Feasibility Studies towards a mining lease application**

Indochine Mining Limited (ASX & POMSoX: IDC, "Indochine" or "the Company") which is developing the 2.5m ounce Au eq. Mt Kare Gold-silver Project in Papua New Guinea (PNG), has completed a capital raising of \$3.4 million through the placement of 38.3 million shares at \$0.09 per share. The placement was supported by some of the company's largest shareholders and new investors conducted under the Company's existing 15% placement capacity.

The funds raised will assist in progressing the Mt Kare Project towards a Decision to Mine milestone, as well as working capital. Indochine is focused on advancing the Development Drive (adit) for bulk sampling, resource extension drilling and Feasibility Studies leading to a mining lease application

Indochine also confirms that during this capital raising it has been approached by other potential investors seeking to enter into a joint venture on the Mt Kare Project, aimed to fund the joint venture into production, and to undertake a cornerstone placement in Indochine. These discussions are ongoing and at present negotiations are inconclusive, and therefore, Indochine took a decision to raise less funds than previously advised, to retain sufficient equity capacity to allow this investment to occur.

A number of PNG Landowner Groups have also participated in the placement with these shares to be quoted on the Port Moresby Stock Exchange (POMSoX). This investment by Landowner Groups marks a significant local vote of confidence in the Mt Kare Project.

Secondary Trading Exemption: Section 708A(6) Notice & Appendix 3B***Notice pursuant to subsection 708A (5)(e) of the Corporations Act 2001 (Cth)(Act)***

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the company giving this notice to the ASX, a sale of the Securities noted above will fall within the exemption in section 708A (5) of the Act.

1. Indochine Mining Limited has announced a private placement of 38,296,655 shares at a price of \$0.09 per share to sophisticated and professional investors to raise \$ 3,446,699 (before costs).
2. As required under subsection 708A(6) of the Act, the Company advises that:
 - the Company issued the Securities to sophisticated and professional investors without the disclosure to investors under Part 6D.2 of the Act;
 - this Notice is being given pursuant to subsection 708A(5)(e) of the Act;
 - a) the provisions of Chapter 2M of the Act as they apply to the Company,
 - b) and section 674 of the Act; and
 - as at the date of this Notice, there is no information :
 - I. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - II. that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of the assets and liabilities, the financial position and performance, the profits and losses and the prospects of the Company, or the rights and liabilities attaching to the Securities.

The Appendix 3B for the issue is attached.

Stephen Promnitz, CEO, Indochine Mining Limited

For further enquiries contact:

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Indochine Mining is focused on:

- High margin, low cost production from the high grade Mt Kare Gold-silver Project in PNG, with a production target of c. 200,000 ounces/year at 10 grams/tonne gold aimed for mid-late 2015.
- All-in sustaining cash costs forecast to be among the lowest in the industry, providing strong cash flows delivering a rapid payback of less than 1 year on a capex estimated at c.US\$100M.
- Initially targeting 1Moz high grade zones, expanding the current 2.1 Moz resource
- Long term growth of project because it shares the same geological setting as the adjoining world-class 28 Moz Porgera mine which started similarly from a high grade underground operation

The company met a key milestone recently with the completion of the Landowner Study on-site. The next key milestone is a decision to mine with a mining lease application, based on a feasibility study around drilling and bulk sampling from an underground development drive (adit) to confirm and extend the high grade resource. The company can then conduct mine development finance discussions.

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. Licenses 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 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Indochine Mining Limited (IDC)

ABN

16 141 677 385

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none">- Fully Paid Ordinary Shares- Performance Options over Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ul style="list-style-type: none">- 38,296,655 Fully Paid Ordinary Shares- 16,500,000 Performance Options over Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">- Issue of shares pursuant to \$3,446,699 raised through private placement at \$0.09 per share- Staff performance options issued for zero exercise price, exercisable upon reaching certain performance targets on or before 31 March 2019 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – shares rank equally in all respects with all existing IDC fully paid ordinary shares</p>
<p>5 Issue price or consideration</p>	<p>\$0.09 per fully paid ordinary share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To advance Mt Kare Project towards a Decision to Mine milestone and working capital</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>19 November 2013</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>38,296,655</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>NIL</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of securities issued under an exception in rule 7.2	Nil	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	31 March 2014	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	1,003,497,126	Fully Paid Ordinary Shares

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	48,250,000	Unquoted, unrestricted and unlisted options exercisable at \$0.20 on various dates.
	5,000,000	Unquoted and unlisted options exercisable at US\$0.25 each on 17 March 2015.
	31,000,000	Unquoted Staff Performance Options at zero exercise price upon reaching certain performance targets, on or before 31 March 2019. These options are issued under Staff Option Plan approved at the AGM on 28 November 2012
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Full participation in any future dividends.	

Part 2 - Bonus issue or pro rata issue

11 to 33

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

+ See chapter 19 for defined terms.

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	
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<p>42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class			
Number	+Class					

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation

+ See chapter 19 for defined terms.

of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: *Ashok Jairath* Date: 31 March 2014
Company Secretary

Print name: A. JAIRATH