



Committed to growth

Governments in the region refine legislation aimed at building stable mining regimes

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SPREADING across more than 331,000km², Vietnam's mineral endowment includes bauxite, rare earths, tungsten, titanium, phosphate, coal and iron ore. However, with the exception of coal, most deposits discovered to date have been found to be too small to be economic for most international companies. Nevertheless, the government continues to implement reforms designed to build an integrated mining and processing industry in Vietnam, as well as improve the regulatory environment in order to bring increased transparency and security.

FAST FACTS: VIETNAM

| | |
|-------------------------|--------------|
| Capital: | Hanoi |
| Population: | 91.5 million |
| GDP growth rate: | 5.9% (2011) |
| Currency: | dong |

Following the introduction of the law on minerals of 2010, the government has issued a series of supporting legislation.

Last December, the Vietnamese prime minister, Nguyen Tan Dung, signed Decision No2427/QĐ-TTg approving the national mineral resources strategy to 2020 and providing a vision up to 2030.

Among other things, the mineral strategy stipulates: that exploration and mining must be associated with the potential for processing and use of minerals; for large-scale deposits, only processed products with high economic value may be exported; and international co-operation must be utilised to access current scientific knowledge and environmentally friendly technologies.

Most recently, in the March quarter of 2012, the prime minister released two key pieces of legislation including Directive No 02/CT-TTg and Decree No 15/2012/ND-CP detailing the implementation of the mining law.

Under Directive 02, the licensing process for certain minerals has been reactivated after more than three months of suspension. In particular:

■ Exploration and mining licenses of coal, chromites, rare earth and cement related minerals will continue to be issued, subject to approved master plans;

■ New bauxite mines and aluminium production projects will only be implemented once the Tan Rai and Nhan Co projects come into operation and achieve high socio-economic value. No new exploration licences will be issued in the northern provinces; and,

■ Exploration and mining licenses of gold, copper and lead-zinc ore will only be considered on the basis of in-depth processing, modern techniques and environmental protection. New licences for exploitation of placer gold are prohibited.

"Following the new Law on Minerals of 2010, the Vietnamese government has recently issued a series of supporting laws"

With respect to the exporting of minerals, Directive 02 sets out some restrictions, particularly:

■ Export of the following minerals is not allowed: iron ore, lead-zinc ore, chromite, manganese-concentrate, and copper-concentrate, apatite, massive white marble and massive granite;

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Renaissance takes aggressive exploration route in Cambodia

ASX-listed Renaissance Minerals Ltd is focused on aggressively growing and advancing its recently acquired Cambodian Gold Project in the eastern region of Cambodia

Gold explorer Renaissance Minerals Ltd (ASX:RNS) is on the verge of its second major drilling programme at the Cambodian project after securing funds to rapidly advance the SE Asian venture.

The Perth-based, ASX-listed company has an aggressive exploration programme planned for the recently acquired project over the next 12 months that it hopes will significantly build on the 729,000oz resource that already exists at its Okvau deposit alone.

Through continued exploration at Okvau, and initial work to surrounding areas of the licences it gained from Oz Minerals earlier this year, Renaissance is hopeful of

lifting the resource to as high as 2Moz.

Renaissance is on schedule to start an extensive 25,000m-plus drilling programme at the project during the approaching Cambodian dry season after it secured A\$10 million through a share placement to fund the activities last month.

The company received commitments from investors, including Oz Minerals, for a raising it pursued to primarily fund the upcoming exploration.

Renaissance managing director Justin Tremain said the raising was significant for the company considering the tough conditions currently in equity markets.

The placement involved the issuing of 55.55 million

new shares in the company over two tranches at A\$0.18/share.

"It [the raising] puts us in a really strong financial position to carry out what we have planned over the Cambodian dry season," Mr Tremain said.

"To raise these funds speaks volumes for the potential investors see in the project and also for the future of the Cambodian resources industry.

"A key to the raising was Oz Minerals showing their support, which reaffirms the upside they still see in the project."

Oz Minerals, the company's major shareholder, agreed to participate in the placement through an investment of A\$1.5 million, an amount that would be deducted from the A\$5 million deferred payment for the acquisition of the project.

Drilling activities

Despite the wet season in Cambodia, Renaissance has already completed 6,000m of step-out diamond drilling at the Okvau deposit in the six months since acquiring the project.

The company has benefited in its early ownership by retaining an experienced in-country, operation project team that could essentially continue drilling at the site while the transaction was being finalised.

This drilling reconfirmed the potential of the project and produced some spectacular new results from the Okvau deposit.



Above: Renaissance managing director Justin Tremain. Left: location of the Okvau Gold Deposit in Cambodia

"Projects like this don't come around very often so we were fortunate to be in the right place to reach an agreement with Oz Minerals"

Renaissance managing director Justin Tremain



Company profile

Drilling south-east and outside the existing resource outline intersected some of the best mineralisation seen to date at Okvau, in terms of grade and widths, the company reported.

These recent results included: 10m at 5.53g/t gold from 194m, 11m at 9.02g/t gold from 230m, 9m at 4.86g/t gold from 294m, 14m at 15.03g/t gold from 25m (including 1m at 198g/t gold from 27m), 6m at 4.86g/t gold from 170m, 10m at 9.67g/t gold from 411m, and 20m at 1.92g/t gold from 83m.

An independent JORC-compliant indicated and inferred resource of 12.6Mt at 1.8g/t for 729,000oz of gold has already been identified at Okvau through a 22,000m drill programme previously conducted by Oz Minerals.

The upcoming programme, like the recent round of drilling, is set to target an increase to the existing resources at Okvau, and from the surrounding drill-ready targets.

Renaissance plans to complete the 25,000m of drilling at the targets over the next six months as it work towards delivering a resource update by the end of the Q1, 2013.

In addition, the company will continue a major regional soil geochemical programme targeting large portions of the project area that remain unexplored near the Okvau deposit.

At this stage, less than

15% of the Okvau licence has been subjected to soil sampling and no sampling has taken place at the neighbouring O'Chuang licence.

Mr Tremain said the mineralisation at the Okvau deposit showed a lot of promise as it started at surface and remained open at depth and along strike.

"A really exciting aspect of the programme we have coming up is that it will be the first opportunity for the company to drill on some new targets," Mr Tremain said.

"Depending on the weather, this programme will start in mid to late November and run for about six months."

Ultimately, Renaissance is hopeful of upgrading its resource to 1.5-2Moz as quickly as possible to support the ensuing feasibility studies and development plans.

The company expects a result such as this will support a mine producing around 100,000oz/y of gold.

Change of focus

Renaissance was not always a SE Asia-focused gold company; it originally started life as an explorer with assets in the Eastern Goldfields region of Western Australia.

However, after listing on the ASX in June 2010, the company immediately targeted the acquisition of advanced gold exploration assets in SE Asia to add to its large landholding in the Eastern Goldfields.

After reviewing at least 30 projects, Renaissance identified Oz Minerals' Cambodian gold project, which already had an existing resource of more than 700,000oz from the Okvau deposit, as clearly the standout opportunity to move on.

Renaissance received shareholder approval for the acquisition of the Cambodian project in March.

Through the company-making transaction, Renaissance gained an imposing 1,100sq km position covering the core of a prospective, unexplored intrusive-related gold province in Cambodia.



The deal gave Renaissance 100% ownership of the Okvau and O'Chuang exploration licences, along with ownership and interests in joint ventures covering further licences.

Mr Tremain said the first-mover advantage it gained in a highly prospective region was a major attraction to the deal.

"Renaissance was not always a SE Asia-focused gold company; it originally started life as an explorer with assets in the Eastern Goldfields region of Western Australia"

Formerly part of the Oxiana Ltd portfolio in the region, the gold project had fallen outside the previous owner's strategy as it transformed into the now-copper-focused Oz Minerals.

"Projects like this don't come around very often so we were fortunate to be in

the right place to reach an agreement with Oz Minerals," Mr Tremain said.

"In our view, there is massive exploration potential at the project which for us, with the track record of our management team, is important. The potential is to not only grow the Okvau deposit, but also to make new discoveries to create a multi-million-ounce project quite quickly."

Attracting investment

Mr Tremain said a challenge for the company since the move to SE Asia had been overcoming the negative perception of Cambodia as a place to invest that had persisted since its war-torn past.

However, he described the country's mining code as modern and transparent with a government that was supportive of foreign investment, particularly in mining and exploration, to help the industry realise its value.

"Everyone knows the past of Cambodia, but they don't realise that Cambodia has been stable for the past 15 years," Mr Tremain explained.

"The government of Cambodia has put legislation around foreign investment in place specifically designed to attract investment for foreign companies. It is very much pro-foreign investment and the government doesn't want to put any barriers in the way of companies pursuing opportunities."

Mr Tremain believes in the coming years that Cambodia's emergence will continue and more mining companies will begin to operate there.

"We have the most advanced project in the country and no doubt others will want to see how that evolves," he said.

"The government wants to make sure our project is a success and that is where the first-mover status is an advantage to the company."

Where Renaissance operates in Cambodia is considered one of the least-populated areas in the



country and means the company's activities do not impact on any local communities, Mr Tremain explained.

However, the company is participating with nearby communities by supporting local schools, while also upgrading roads and access tracks in the region.

With an undeveloped industry currently, infrastructure is an issue, though Mr Tremain said the country's government had increased its focus on improving facilities.

Despite being somewhat isolated, he said the company would still find operational cost benefits through a SE Asian operation compared to a similar project in Australia, Africa or South America.

Eastern Goldfields

With the company's focus now firmly on exploration in Cambodia, Mr Tremain said its assets in the Eastern Goldfields would remain a valued part of its portfolio, but be prioritised behind the more advanced SE Asian venture.

Renaissance listed on the back of its properties in the Eastern Goldfields, which make up one of the largest company landholdings in the world-class region.

The company was originally spun out from West Africa-focused, ASX-listed gold exploration company Gryphon Minerals Ltd.

In the Eastern Goldfields, the company intends to continue with mapping, soil sampling and drilling work at the properties in the coming months while focusing on advancing the Cambodian project.

Renaissance's project area in the Eastern Goldfields covers about 2,700sq km, with a large tenement package featuring Achaean greenstones within the highly prospective province of the Yilgarn Craton.

In June, the company acquired an 80% joint-venture interest in a 94sq km package in the region known as the Yilgarn gold project from Newcrest Mining Ltd.

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■ As from July 1, 2012 exports of titanium ore, which has not been deeply processed, will not be allowed; and,

■ Export of deeply processed titanium ore, coal and rare earths must be approved by the prime minister.

Under the law on minerals of 2010, auctions will be required for mining rights with respect to all mining areas, except for certain cases of which criteria have been listed in Decree 15.

This includes: areas containing minerals that are fundamental to the country's energy security, such as coal, uranium and thorium; areas containing minerals used for cement production; and, areas that are within the national border belt are those delineated as being not subject to the auction of mining rights.

Decree 15 also draws up a list of conditions for the extension of mining licences. As such, in the event that the project wishes to extend the licence with increased exploitation capacity, the investor is required to submit a revised feasibility study and an environmental-impact assessment report for approval by the relevant authorities.

In addition, from the fiscal year of 2012, the corporate income tax rate for mining platinum, gold, silver, tin, wolfram, antimony, precious stones and rare earths has been fixed at 50%.

In the case where 70% or more of the mine's area is located in an area deemed to have extremely difficult social-economic conditions, the rate shall be reduced to 40%.

Also, environmental protection charges for mineral exploitation have been increased.

It appears that while these legal instruments imply a stricter regulatory framework, they demonstrate the

efforts of the Vietnamese government to create a safe and fair investment environment to all investors in the mining industry.

MINING AND EXPLORATION

In August 2012, Axiom Mining Ltd, an Australian-listed mineral explorer which has two notable gold projects in Vietnam, announced that after detailed geological mapping of the new tenement it had uncovered major gold-bearing quartz veins of significant size and grades (up to 82.6 g/t) in Quang Tri province.

Diamond drilling has begun to define the extent of the gold mineralisation. The next objectives in 2012 are licensing in Quang Binh province and then an initial public offering in Vietnam.

Triple Plate Junction plc (TPJ) holds a 70% interest in Pu Sam Cap under a joint-venture (JV) agreement with Vietnamese central and provincial state companies. TPJ recently decided to halt the programme as results from drilling in 2011 did not justify the continuing depletion of the company's limited funds.

TPJ said it believes that shareholders' funds would be best applied to the development of its assets in Papua New Guinea.

At Pu Sam Cap, the company will simply maintain a minimal presence while looking for a JV partner to farm in to the project.

Masan Resources, part of the Masan Group, has taken over the Nui Phao project, in northern Vietnam, one of the world's largest deposits of tungsten, fluorspar and bismuth.

Construction has already started and is on target to bring the mine into operation by March 2013.

So far, more than US\$339 million has been injected into the project. The company is in talks with four potential buyers of tungsten – via an off-take agreement – from the US, Japan, Korea and Israel. It hopes to complete a deal by year-end.

Mining and export licences have already been obtained. It is expected that when in full production, Nui Phao will generate over US\$400 million/y in revenue.

Olympus Pacific Minerals Inc has been active in Vietnam since 1996, when the mining law was first passed. The company has two commercial properties in Phuoc Son (85% stake) and Bong Mieu (80% stake).

The Bong Mieu gold plant was commissioned in 2006 and is producing gold from open-pit and underground mines with nominal throughput of 500t/d.

The newly commissioned Phuoc Son gold plant is now Southeast Asia's most modern gold processing facility with plated capacity of up to 1,000t/y.

Consolidated gold production during the first half of 2012 was estimated at 20,362oz. Meanwhile, further exploration has been carried out in the search for additional resources.

Strategic Mining Corp entered into a JV with Vietnamese mining company Ba Dinh Minerals JSC for a 51% interest in a five-year exploration permit for the Nat Son gold property in northern Vietnam.

However, due to a dispute that arose in late 2011 concerning the status of joint work between the company and Ba Dinh, the drilling plan on the Nat Son property has been disrupted.

Asian Mineral Resources Ltd (AMR) is developing the Ban Phuc nickel project, located approximately 180km west of Hanoi in the Son La Province.

The development of the project is in advanced stages, with underground and surface infrastructure near completion and commercial production scheduled to start by June 2013. Concentrate production is expected to average around 70,000t/y containing 6,400t/y of nickel and 3,200t/y of copper.

In addition, AMR recently announced that it had

entered into a subscription agreement with Pala Investments Ltd and Lion Selection Group Ltd to raise C\$10 million (US\$10 million).

The proceeds from both transactions will be used by AMR to fund capital expenditure for the construction of Ban Phuc and for working capital purposes.

In the first nine months of 2012, Vinacomin, the dominant coal producer in Vietnam, produced over 33.2Mt of coal. Sales reached 27.7Mt, of which 9.9Mt were exported.

Vietnam's prime minister recently agreed to cut the coal export tax by half to 10%. The tax cut aims to help the Vinacomin to boost exports in order to clear its high inventory levels.

The Tan Rai bauxite plant, with capacity of 650,000t/y, in Lam Dong province is scheduled to begin pilot operations this month. A second plant with the same capacity in Nhan Co – Duc Nong – will start producing in 2013.

With the operation of the Tan Rai and Nhan Co bauxite mining and processing complexes, Vietnam is expected to become one of the world's most competitive alumina exporters.

FAST FACTS: CAMBODIA

| | |
|-------------------------|-------------|
| Capital: | Phnom Penh |
| Population: | 15 million |
| GDP growth rate: | 6.1% (2011) |
| Currency: | riels |

Cambodia's steady gross domestic product growth is set to continue, expanding by an estimated 6.7% in 2013 from the 6.6% expected in 2012.

At a broader level, reform and good governance are still proving to be a challenge as the country continues to struggle after decades of isolation.

Infrastructure constraints and artisanal mining in certain regions are also problematic.

Despite these challenges, there is a genuine desire to establish a vibrant exploration and mining industry in Cambodia and the government is encouraging further foreign investment to make this happen, according to those familiar with the mining industry.

MINING AND EXPLORATION

OZ Minerals Ltd and Southern Gold Ltd both exited Cambodia in the past year, preferring to focus on their respective Australian projects.

In February, OZ Minerals announced it had sold its Cambodian exploration interests to Renaissance Minerals Ltd for A\$17.8 million (US\$18.5 million) in cash, shares and options, stating that Cambodian exploration no longer fitted with its strategy.

Over the past nine months, Renaissance has successfully raised over A\$20 million of equity to fund the project.

Renaissance's holdings include the Okvau gold deposit which has a JORC-compliant indicated and inferred resource estimate of 12.6Mt at 1.8g/t for 729,000oz Au.

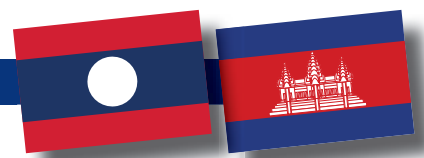
Renaissance's Cambodian gold projects are predominately located in the eastern region of the country and cover an area of approximately 1,100km² within the core of a prospective new intrusive-related gold deposit. The current resource estimate is underpinned by over 22,000m of diamond drilling data inherited from OZ Minerals.

Mekong Minerals Ltd, an Australian-based company, is another new exploration player in Cambodia, having taken over the Southern Gold projects.

In July 2012 it was announced that Mekong will earn an equity interest in subsidiaries Southern Gold Asia and Southern Gold Cambodia, by providing finance and management services.



Drilling previously undertaken on Triple Plate Junction's properties



Southern Gold stated that it wanted to concentrate on its Bulong gold project in Western Australia, while maintaining exposure to any future upside in Cambodia.

Japan Oil, Gas and Metals National Corp remains involved with the Kratie South project, having previously formed a JV with Southern Gold.

“There is a genuine desire to establish a vibrant exploration and mining industry in Cambodia and the government is encouraging further foreign investment to make this happen”

Indochine Mining Ltd has two major projects: Kratie and Ratankiri that together cover approximately 4,300km². At Kratie, the company says the area is favourable for an intrusion-related gold deposit in a similar setting to gold deposits 100km along strike.

The company continues to explore Ratankiri and found altered intrusives and sediments that showed potential porphyry-related gold-copper mineralisation.

A new office was opened in Phnom Penh to service the exploration programme more efficiently with an expanded technical team.

Angkor Gold Corp is a Canadian-based company focused on exploration in Cambodia. It has five mature prospects based around the Oyadao and Banlung projects.

The company's most recently acquired concession, Andong Meas, was granted in 2012 and is situated adjacent to Oyadao. Previous work at the project showed strong evidence of a nugget effect with results showing grades from 0.08g/t to 1.81g/t. Results ranged from 0.07g/t gold to 41.13g/t gold.

Angkor Gold has three memorandum of understanding (MOU) agreements covering adjacent tenements, bringing the total project area to 2,875km².

Brighton Mining Group Ltd is an Australian-based exploration company with its main focus on Cambodia. It holds 70% of three concessions – Antrong, Ropoh and Kang Roland North – which altogether cover 215km² at the Antrong concession.

The latest exploration at Kang Roland using auger drilling showed promising results, enough to continue with further auger drilling programmes at the project. Auger drilling was also conducted at the Antrong and Ropoh concessions.

FAST FACTS: LAOS

| | |
|-------------------------|-------------|
| Capital: | Vientiane |
| Population: | 6.6 million |
| GDP growth rate: | 8.3% (2011) |
| Currency: | kips |

GDP growth in Laos goes from strength to strength, with an 8.3% increase expected in 2012. This is primarily driven by construction (including energy plants), mining, manufacturing and services. Hydropower and mining in particular are current growth drivers, accounting for over half of total investments and exports combined.

Government reform has been working towards achieving a more predictable and rules-based legal framework for trade and private sector development, although its implementation is not always comprehensive and is still subject to some manipulation in practice.

Local communities and non-government organisations have expressed concerns over appropriate land management. In response Laos introduced a moratorium, which is expected to last until 2015, that froze any new mining investments. The moratorium will still allow land surveys and assessments to be made.

The government is looking at reviewing legislation to improve natural resource management. With regards to mining, prime minister Thongsing Thammavong recommended the Ministry of Natural Resources and Environment compile a geological database to manage the exploration and mining sector more effectively. As part of this focus on land management, the government are also exploring ways to evaluate the health and social impact of land use.

MINING AND EXPLORATION

PanAust Ltd, under its Lao-registered company Phu Bia, has a large 2,636km² contract area in Laos with two operational mines of which the Phu Kham copper-gold mine is its best performing asset. PanAust upgraded the plant which increased capacity to 16Mt/y of ore.

Phu Kham produced 59,897t of copper in concentrate, 53,590oz of gold, and 538,123oz of silver in 2011. Copper production at the mine is expected to rise from a capacity of 60,000-65,000t/y, to 65,000-70,000t/y in 2013. Gold and silver production is also expected to grow. Pan Aust is implementing a project to increase recovery at Phu Kham that will lift copper production by 5,000t/y and gold by 7,500oz/y by 2013. The current total estimated Phu Kham ore reserve supports a 12-year mine life.

The company is also looking at increasing capacity at the Phu Kham processing plant so it is able to process an estimated 203Mt/y of crushed mill feed expected from the proposed Nam San underground operation at the Phu Kham site.

Pan Aust's Ban Houayxai operation started producing gold-silver doré in May 2012. The current estimate for 2012 production is approximately 85,000oz of gold at a cash cost of between US\$550/oz and US\$600/oz after silver credits.

The company is targeting production of approximately 100,000oz/y of gold and 700,000oz/y of silver during the mine's nine-year life.

A pre-feasibility study is underway at PanAust's Phonsavan copper-gold project with a view to completing a feasibility study in mid-2013. Diamond drilling has been conducted at the Nam San project and step out drilling continues at Long Chieng Track.

The Sepon copper-gold mine in Southern Laos is operated by MMG Ltd's 90%-owned subsidiary, Lane Xang Minerals Ltd. The Lao government owns the other 10%.

Production for the first nine months of 2012 stood at 62,924t copper, up 8% on the comparable period in 2011, and 60,558oz of gold, up 3%.

MMG conducted exploration around the Sepon site for other gold and copper prospects. A high resolution airborne electromagnetic survey was completed and is a key component of the 2012 near-mine exploration programme at Sepon.

Gold exploration drilling was conducted and good primary gold intercepts were returned from the Phavat and Tamseua prospects. Sepon copper exploration continues on page 22



Above: Brighton Mining (top) and Renaissance Minerals' (bottom) activities in Cambodia



Above: (Top and middle) Copper cathode and pouring at MMG's Sepon project in Laos. (bottom) Aerial photograph of PanAust's Phonsavan copper-gold project in Laos

Indochine Mining: 'Bonanza' gold

Two of the world's largest funds are in support of Indochine Mining (ASX:IDC) due to the recent identification of 'bonanza' gold zones in the development of the Mt Kare gold project in Papua New Guinea.

Capital Group, with over \$1 trillion under management, has joined BlackRock, together with BakerSteel, Och-Ziff and Genesis, to invest in what is shaping up as a major project next to one of the 10 largest gold mines globally and in a country known for truly world-class gold-copper deposits.

Indochine released a positive pre-feasibility study (PFS) at Mt Kare in September/October 2012, which showed the company could enter the ranks of mid-tier gold producers on the ASX, producing 100,000-160,000oz/y of gold from an open cut with a grade of 2.5g/t gold, plus ~1Moz/y of silver. The market excitement has come from the review by Tony Burgess, a former chief geologist from the neighbouring world-class Porgera mine, 15km to the north east. He identified three 'bonanza' gold zones at Mt Kare with an 'identical signature' to the Porgera bonanza zones, which include the Zone VII, initially containing a 5Moz gold resource at high grades of 27g/t gold.

Bonanza zones include 5-20m widths at 100-450g/t gold, with high-grade zones of 5-40m widths downhole of 10-40g/t gold. Recent drill results include 17m at 100g/t gold, 134g/t silver; 38m at 21g/t gold, 57g/t silver; 5m at 120g/t gold; and 78m at 6g/t gold. The best result historically is 20m at 444g/t gold. More drill results are currently pending.

Burgess is one of the best-qualified competent persons to comment on the potential at Mt Kare, given that he added 10Moz of gold to Porgera by targeting these quartz-roscoelite bonanza zones. He considers that the host rocks, intrusives, structural setting and mineralisation styles are identical between the two deposits, and are joined by a deep-seated fault zone.

Chief executive officer Stephen Promnitz explained that the bonanza zones could potentially be quite small, perhaps only 100m x 100m x 40m, but carrying 1Moz



Exploration drillcore logging

gold, based on Burgess' experience at Porgera.

"Porgera had been drilling for 25 years until the first bonanza zone was identified (Zone VII), but soon after, the project commenced production at over 1Moz/y at 25-50g/t gold head grades. Then Tony Burgess used a

simple approach to locate many more high-grade zones and the mine is in its 22nd year of production at over 500,000oz/y gold, with new zones being located 1,000m from surface".

"This is what major companies and major funds look for – long-term option value with scale and grade."

Naturally, such zones require attention and Indochine recently completed a \$13 million placement and welcomed the Capital Group to its tight institutional register as lead investor in the raising, plus support from current investors.

"Indochine has now a solid base-case gold-silver production potential in PNG which would make it a mid-tier producer"



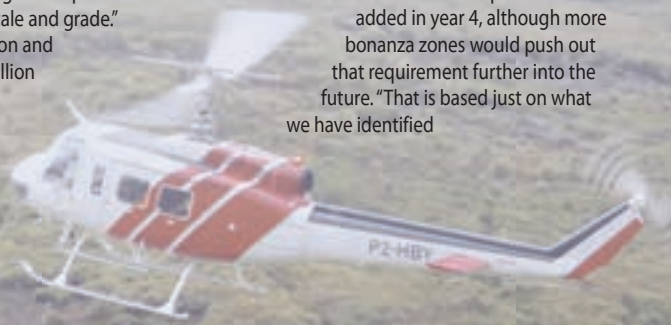
Local community in traditional dress

"Although these large funds are rarely seen in companies with a market capitalisation of less than \$1 billion, it shows there will always be interest in a project with size, grade and upside, along with a management team that can deliver the project".

"A focus on the bonanza zones and completing the assaying of a final 29 drillholes is the current aim, to deliver an updated resource statement before embarking on a bankable feasibility study."

Indochine's PFS shows production of over 1Moz gold and 8Moz silver over eight years from two shallow open pits with a low strip ratio of 3.8. Production at Mt Kare is planned for 2015, using a 1.7Mt/y processing plant and a CIL circuit initially, producing gold at \$500-800/oz. A

flotation circuit is planned to be added in year 4, although more bonanza zones would push out that requirement further into the future. "That is based just on what we have identified



zones backed by major funds

to this point, with the potential to expand on that target and to optimise costs," Mr Promnitz said.

"Near-surface gold, not in the resource statement, may augment the early years of production. The new bonanza zones would completely change the economics to be highly positive."

"Optimisation of operating and capital costs will also improve the economics, but the provision of electricity or gas on-site would make the project costs compelling. With a PFS complete, initial conversations will be held with local providers, since a powerline comes within 3km of the deposit."

Located 15km south of Barrick's massive 28Moz Porgera mine, the company considers there is an opportunity to increase the resource well beyond the current 2Moz. Mr Promnitz said: "Potential extensions exist at depth as the high-grade structures are interpreted to repeat, as stacked structures, as is the case at Porgera, where mineralisation extends over more than 1,000m (vertical). There are also significant targets existing along strike."

"Bonanza Zones are 5-20m widths at 100-450g/t gold"

A key focus for Indochine during the first half of 2012 has been completing a landowner investigation study, with the field interviews done and ground identification of claims taking place soon. "The IFC arm of the World Bank was impressed at our progress with local communities and we are discussing how the IFC could potentially be involved with improved delivery of social infrastructure."

Mr Promnitz said Indochine had established a project team with a proven development history and a strong working relationship with local communities to be able to develop a viable and profitable operation.

"The regulators and local government in PNG have been very supportive and impressed at the company's approach with local communities and how we are advancing the project," Mr Promnitz said.

"From an investment perspective, PNG was further de-risked in early August by the appointment of the new government, which appears keen on attracting investment to the mining and energy sectors."

"The company has forged ahead in the past 18 months to deliver the first-ever pre-feasibility study on this project and the first-ever Landowner Investigation study. Many market participants said it would be too hard to complete for a junior company. Just imagine what we can complete in the next 18 months – new bonanza zones, increased resources and a bankable feasibility study, with mining leases applications commenced and a framework agreement with landowners."

Indochine's team at Mt Kare is led by a well-credentialed mining engineer, George Niumataiwalu, who was appointed as the company's country manager and project director. Mr Niumataiwalu's project experience mirrors many aspects of the path Mt Kare has taken en

Exploration drilling team at Mt Kare



route to delivery of the PFS, according to Mr Promnitz.

In 2002-05, Mr Niumataiwalu delivered a feasibility study, a landowner agreement, a fully permitted mining lease and environmental approvals in less than two years at a similar project, at Hidden Valley in PNG, now a major mine for Newcrest/Harmony. His credentials extend beyond being a mining engineer to also holding a Master in Mineral Economics and an MBA from Harvard.

Away from PNG, Indochine is conducting grass-roots exploration work in Cambodia at its Ratanakiri projects, where the potential exists for a porphyry gold-copper deposit in previously unexplored areas. The company's involvement in Cambodia was primarily before its IPO in December 2010 and is less of a focus now that a PFS has been completed in PNG.

"Indochine has now a solid base-case gold-silver production potential in PNG which would make it a mid-tier producer, from shallow, low strip-ratio pits at good grades of 2.5g/t gold. The new bonanza zones show the potential for significant high-grade zones which could increase the resource and the economics significantly. And the setting has been independently confirmed as a look-alike to one of the world's largest and richest gold mines."

"It's rare to have that in a \$100 million market cap

gold developer, that also has a team with a proven track record and some of the world's biggest funds supporting it."

"The big end of town can see where this project is going. Drill results will continue to be released into January and we are in for further exciting news over the next 12-18 months as we drill bonanza zones, grow resources and advance the project through the permitting stage."

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Directors: Ian Ross, Stephen Gemell,
Gavan Farley, John Shaw

CEO: Stephen Promnitz

Market capitalisation: ~A\$100 million

Quoted shares on issue:

722 million (incl. 82 million in escrow to Dec 2012)

Major shareholders:

Baker Steel Capital 10.1% BlackRock 8.6%

Och-Ziff Capital 5.8% Genesis 5.0%

Capital Group 5.0%

indochine
MINING LIMITED



PanAust's Phu Kham plant

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drilling was conducted at seven prospects.

Kingsgate Consolidated Ltd has started some initial exploratory work at its Sayabouly project after being granted a concession.

Sayabouly lies adjacent to a convergence between the Loei Fold Belt and the Truongson Fold Belt where mines such as Chatree (Kingsgate), Phu Kham, Ban Houayxai and Sepon are located.

Argonaut Resources NL completed its RC drilling programme at the Ban Klong prospect in Xekong tenement (65%-owned) in June 2012. The latest results

from a 2012 reverse circulation drilling programme show a mixture of high-grade and low-grade gold intercepts.

At the Century tenement, managed by Aurum Resources Pty Ltd in agreement with Argonaut, exploration continues with some of the latest activities including diamond drilling, a deep soil sampling programme and 3D geological modelling, which combined suggest numerous high-grade gold intersections.

Aurum also has two other prospects – the Xayabouri province prospect and Lao Samphan prospect for which it has MOUs in place.

Early reconnaissance and exploration suggests positive results for gold and when concessions are granted further exploration will take place.

Chinalco Yunnan Copper Australia Ltd in a JV with Yunnan Copper Sanmu Mining Industry Co Ltd (Sanmu) has been exploring for copper resources in the very north of Laos close to the border with Southern China.

Sanmu holds four concessions: Modeng, Nadao, Jiuzhai and Xinzhai.

Exploration is at a more advanced stage at Xinzhai and Jiuzhai, with the latest drilling results showing that the former project has better prospects than Jiuzhai.

Xinzhai is Chinalco's focus and it started exploration again in October 2012 after the monsoon season.

Chinalco is keen to start producing cashflow and is looking at defining several JORC-compliant resources at Xinzhai.

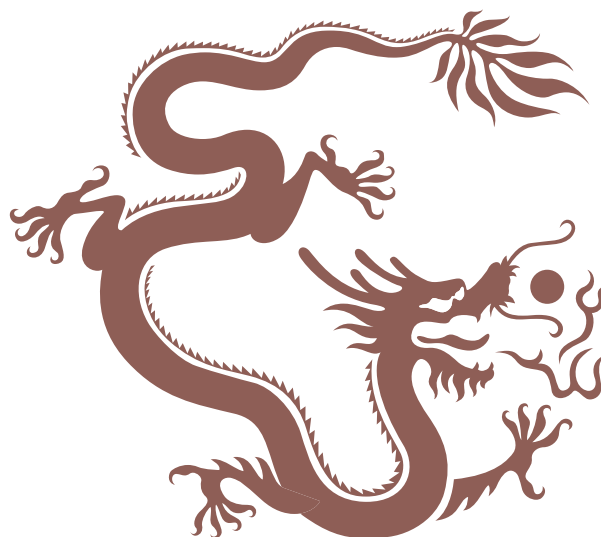
The company will be able to capitalise on its partnership with Yunnan Copper Industry (Group) Co Ltd (YCI) by using the existing infrastructure and plant at Mohan situated on the border of South China, 20km north of the projects.

The exploration target is 80-100Mt at a grade of 0.9-1.0% Cu and 120-150g/t Ag.

Sino-Australian Resources Corp (SARCO, 49% held by Ord River Resources Ltd and 51% by NFC China) has identified estimated bauxite potential up to 2,000-2,500Mt, of which a quarter lies within tenements in which ORD River Resources and China Nonferrous Metal Mining Company Ltd own or are negotiating.

With that potential, ORD estimates production of up to 20mt/y of bauxite from the Bolaven Plateau is possible, which may be refined to 5-7Mt/y of alumina.

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Most recently, SARCO commissioned two studies to support its application for a bauxite mining and alumina refinery licence in Laos, which it expects will be secured in the first half of 2013. This will allow SARCO to conduct a feasibility study in the second half of 2013 for an alumina refinery.

Phouphieng Mineral Export-Import Sole Co partnered with Mekong Minerals Ltd in February 2012 to study the possibilities for bauxite and potassium mining as well as hydropower in a 2,000km² area in the central and southern provinces, with an estimated investment of US\$70 million.

“The hydropower and mining sectors are current growth drivers, accounting for over half of Laos’ total investments and exports combined”

Thai-based company Padaeng continues in the exploration phase in the northern part of the Vientiane province in Laos. Results from initial drilling suggested potential for deposits of 1Mt of zinc ore.

A non-JORC compliant mineral resource of mixed zinc (oxide and sulphide) was re-estimated in December 2011 at 890,000t at 9.0% Zn and 1.9% Pb.

Rio Tinto and Mitsui & Co Ltd are also exploring for bauxite on an unnamed greenfield project. There is no further information on where the project is and what level of exploration it has reached.

Potash is an area of focus for Chinese companies such as SinoAgri, a subsidiary of China National Agricultural Means of Production Group Corp, which is working towards a US\$94 million potash operation.

FAST FACTS: THAILAND

| | |
|-------------------------|--------------|
| Capital: | Bangkok |
| Population: | 67.1 million |
| GDP growth rate: | 0.1% (2011) |
| Currency: | baht |

Thailand's economic growth in the past year has been steady but not spectacular and the World Bank expects an increase of 4.5% in 2012.

Mining and exploration activities continue in Thailand, however many companies are also looking to its neighbours for future expansion, partly due to the difficult regulatory regime.

A managing director of one mining company notes that regulations in Thailand are tightening, making it more difficult “to get even an operation permit”. Another well-known managing director states that doing business in Thailand could be frustrating due to its old style of mining law. However, he says that Thailand's low-tax regime, with incentives for investment, was positive.

MINING AND EXPLORATION

Thailand domiciled, Banpu Public Company Ltd and state-owned Electricity Generation Authority of Thailand (EGAT) have partnered together (40% share each) to work with the Lao government (20%) to construct a mine mouth power plant, expected to be operational by 2015, in the Hongsa province of Laos close to the border with Thailand.

The lignite seam will yield 14.3Mt/y of coal. Of the power generated, 1,473MW will be supplied to Thailand



Conveyer belts transport gold- and silver-ore material to the mills of Kingsgate's Chatree gold mine in Thailand

and 100MW to Laos. The remainder will be used by the project.

Banpu continues to develop capacity as well as increase coal reserves. Banpu total coal reserves from Indonesian, Australian and Chinese operations amount to an estimated 695Mt compared with 672Mt the previous year.

ZINC

Padaeng Industry Public Company Ltd is Southeast Asia's only zinc producer. The company's major zinc mine is located in Mae Sod in the Tak province in the north of Thailand.

Total reserves of zinc silicate and carbonate at the Padaeng Mine at Mae Sod is estimated at 2.2Mt at 10.5% zinc, containing about 228,000t of zinc metal. Ore reserves at Mae Sod are expected to be depleted by 2016.

Padaeng has applied for a mining licence to expand the Mae Sod mine but is waiting for Environmental Health Impact Assessment (EHIA) approval.

Padaeng's zinc smelter gets 40% of its zinc from its own mine with the rest coming from abroad. It has a capacity of 110,000t/y of zinc, however it may restrict output to 90,000t in 2013 due to lower prices.

The global zinc market is seen as being in a surplus this year. Padaeng sells 85% of its stock to Thailand's domestic market.

Despite decreasing zinc prices and lower demand, Padaeng expects zinc prices to return to 2005-2007 levels in line with an expected increase in consumption.

In the meantime, in response to current low zinc prices, Padaeng is focusing on operational improvements ranging from supply to sales.

This involves a more efficient production system to reduce the need for the purchase of zinc sulphide, producing higher-quality zinc products and improving the recovery of metals from by-products. A positive impact is expected from 2013.

Padaeng also continues to explore the region, including the Vientiane Province of Laos. The latest exploration results show a resource of 900,000t of zinc ore at 9% zinc.

Further exploration will take place to find larger resources prior to the development of commercial project.

Padaeng has entered into a service agreement with Mali Mining and Metallurgy Pte Ltd to gain access to a mine in Myanmar.

POTASH

Very little progress has been made on exploiting Thailand's potash deposits, despite surveys suggesting the country could hold the world's third-largest resources behind Canada and Russia. Strong local opposition, among other factors, has effectively stalled progress.

The Asia Pacific Potash Corp (APPC), a subsidiary of Italian-Thai Development Public Company Ltd, has been given permits for potash exploration on 119km² of land in the Udon Thani province.

The site has been surveyed, an EHIA has been completed and a public hearing took place in May 2012. Approval for a mining licence is now being sought.

Asean Potash Mining plc has permits to survey a site in Bamnet Narong district in Chaiyaphum province.

The company has drilled over an area of 100km², and other surveys have found carnallite lying at a very shallow depth of 110-160m with an average seam thickness of 25m. This is relatively shallow when compared with Canadian deposits that are closer to 1,000m in depth.

The APPC and Asean Potash Mining projects had been frozen for nearly two decades because of strong opposition from local communities. In response, the Department of Primary Industries and Mines has hired King Mongkut's University of Technology North Bangkok to study strategic environmental assessments (SEA) to implement a development strategy for potash mining in Thailand while taking into consideration economic, social, technological and environmental issues.

In April 2012, China Ming Ta Potash Corp was preparing to apply for an exploration permit for a 160km² potash mining project in Sakon Nakhon province.

The Chinese state-owned enterprise was first given

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Above: Kingsgate's Chatree gold mine. Below: Zinc from Podaeng Industry's operations in Thailand



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permission eight years ago to survey the potential of the northeastern province for potash mining but made little progress at the time.

GOLD AND COPPER

Kingsgate with its Thai subsidiary, Akara, has had success with its Chatree and Chatree North gold mines despite setbacks such as the floods and long approval times for new prospecting licences.

Chatree produced 121,372oz of gold in the financial year to end-June 2012, a 59% increase from a year earlier. A total of 130,000oz of gold is expected in the next financial year.

The strong growth was attributed to better access to the Chatree North mine where higher-grade ore was extracted. Dry weather, equipment access and improved blasting practices also contributed to the increase.

The Chatree North Plant Expansion and plant optimisation are on budget and on time. Kingsgate is waiting on a Special Prospecting Licence to enable it to conduct exploration drilling around the Chatree mining leases.

There have been some technical issues surrounding EHAs for Chatree, with the courts directing Akara to retroactively submit an EHA to meet new regulations introduced in 2010.

Akara already submitted a health impact assessment in 2006. Kingsgate has suggested it has grounds to appeal.

Kingsgate expects to operate in Thailand for many years, with managing director Gavin Thomas saying: "There's still decades of mining to be had at Chatree."

Padaeng, in a JV with PanAust Ltd, has been exploring the development of the Puthep copper project in the Loei province. However, it appears that both companies have lost appetite for the project. PanAust stated: "The project does not rank as highly as other growth opportunities [...] and as a result has commenced a trade sale process for the Puthep Copper project on behalf of the JV"

Matsa Resources Ltd is an Australian-based company with several exploration interests in Thailand including copper, iron and gold projects.

The company continues to wait for the granting of 18 Special Prospecting Licences (SPL), however with the moratorium on granting of licences lifted and no objections, the company is confident they will be issued in due course.

The company's main interest is in developing the

Khlon Tabaek (KT) gold project. This project is only 20km east of the Chatree mine and has good prospects, according to its surveys.

Exploration at Matsa's Siam copper project in the Petchabun Province has so far identified a number of discrete copper geochemical targets defined by values in excess of 100ppm copper.

"Mining and exploration activities continue in Thailand, however many companies are also looking to its neighbours for future expansion, partly due to the difficult regulatory regime"

The Paisali iron-ore project covers an area of 789km², close to the town of Paisali in Central Thailand.

Tenements to allow drilling were expected in the first half of 2012, but as yet have not been granted. Matsa is allowed to conduct non ground-disturbing activities during the tenement application stage.

Gold miner Tongkah Harbour appears to be in some difficulty. In September 2012, an emergency general meeting was called to consider the dismissal of its three top directors. The Stock Exchange of Thailand (SET) has publicly noted that Tongkah has not submitted quarterly financial statements for the first two quarters of 2012.

Tongkah shares have been suspended from trading on the SET since February 2012 for financial reporting irregularities related to, among other issues, the original omission of a debt owed to Deutsche Bank in its 2010 annual financial statement (it was later amended).

Tongkah's subsidiary, Tungkom, mines gold in the Loei province and appears to be its most profitable subsidiary, although Tungkom's gold mine has come under scrutiny due to alleged environmental and health impacts on the surrounding communities.

Tongkah's other mining interests are Cholsin, which mines andesite in Saraburi, and Sea Minerals Ltd, which mines tin in Phuket.

Deidre Larkin and Chris Larkin are from CLC Asia, an industry and political risk advisory firm. Nguyen Thi Quynh Trang is from AWR Lloyd, an independent and specialised corporate advisory firm focused on the mining, metals and energy sectors in the Asia-Pacific region. CLC Asia is part of the AWR Lloyd group of companies

A challenging year for the global potash industry

Coming up in next week's issue...

