



Suite 2300 - 1177 West Hastings Street
Vancouver, British Columbia
CANADA V6E 2K3
Tel: 604-638-5938 / Fax: 604-408-7499
Web: www.indicoresources.com

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PRIVATE PLACEMENT AND STRATEGIC ALLIANCE

NR13-05

May 22, 2013

Vancouver, British Columbia - Indico Resources Ltd. ("Indico" or the "Company") (TSX-V: IDI) announces that it has entered into private placement subscription agreements with Stonehouse Constructions Pte Ltd. ("Stonehouse") for the placement (the "Private Placement") of convertible debentures in the aggregate principal amount of \$1,500,000 and bearing interest at an initial rate of 8% per annum (the "Convertible Debentures"). The Convertible Debentures are convertible in whole or in part into a maximum of 13,636,363 units (each a "Unit") at a price of \$0.11 per Unit. Each Unit will be comprised of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Share at an exercise price of \$0.16 per Share for a period of two years from the date of issuance of the Warrants, subject to Indico's right to accelerate the exercise of the Warrants (the "Accelerated Expiry") in the event the closing price of the Shares on the TSX Venture Exchange (the "TSX-V") is equal to or exceeds \$0.30 per Share for a period of 10 consecutive trading days between the expiry date of the four month hold period and the date of expiry of the Warrants. In the event that the Convertible Debentures are fully exercised and the Warrants issuable upon exercise of the Convertible Debentures are exercised, up to a total of 27,272,726 Shares could be issued, representing 32% of the then issued and outstanding common shares of the Company, resulting in a change of control of the Company under the policies of the TSX-V.

Subject to the approval of TSX-V, Stonehouse may at its' sole discretion elect to receive units of Indico (the "Interest Units") in payment of all or any part of the accrued interest payable at the end of the term. Each Interest Unit shall be comprised of one Share and one Warrant (the "Interest Warrant") entitling the holder to acquire an additional Share for a period of 24 months from the date of conversion of the Debentures subject to the Accelerated Expiry. The conversion price on the Interest Units and the exercise price of the Interest Warrants shall be the lowest price allowable under the policies of the TSX-V at the time TSX-V approval is obtained for such interest conversion.

Additionally, Stonehouse will be entitled to appoint two nominees to the board of directors of Indico. As such, the Company will be calling an Extraordinary Meeting of its shareholders to approve the potential change in control arising from the issuance of the Convertible Debentures. In the event that the shareholders of the Company do not resolve the conversion terms at the Extraordinary Meeting and under certain other event of default, the interest rate of the Convertible Debentures will be increased to 12% per annum and the Convertible Debentures will mature and become due and payable in cash together with the interest on the earlier of the date on which Stonehouse makes demand for payment and the date that is one year from the date of closing.

In connection with the Private Placement, the Company and Stonehouse have signed a Heads of Agreement to form an alliance in the development of mineral projects held by Indico in Peru. Under the terms of this alliance and in return for assistance in the sourcing of financing for the future exploration and development requirements of the Company:

- Stonehouse and Indico shall enter into agreement for Stonehouse to develop, construct and operate the mines in Peru which is based on a 10% fee on cost for the service provider; with the agreement based on open book Alliance principles.
- Stonehouse will commit to raise a minimum of 33.3% of required capital for the implementation of any construction as operating capital to be charged on throughput rates.

Stonehouse specializes in the delivery of construction projects across the globe. Current work locations are Kuala Lumpur (Malaysia), Astana (Kazakhstan), Accra (Ghana) and Vancouver (Canada).

Stonehouse provides the following integrated, multidiscipline services to their clients:

- Strategic & project specific planning, engineering and management services
- Engineering, Procurement and Construction Management (EPCM)
- Asset operation (mines, power plants, processing plants and associated infrastructure)
- Arranging or providing project finance
- Project investment and ownership

President and CEO, Robert Baxter commented “We are very pleased to be entering into this Strategic Alliance with Stonehouse. Their well established capabilities in project development, construction and financing add strength to Indico. We look forward to a successful and profitable project development at the Ocaña and Maria Reyna copper projects in Southern Peru.”

The Company may pay a finder’s fee in connection with the Private Placement within the amount permitted by the policies of the TSX-V.

Closing of the Private Placement is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals, including the TSX-V. All securities issued in connection with the Private Placement will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

The net proceeds from the Private Placement are intended to be used to further exploration of the Company’s Ocaña porphyry copper-gold project in Peru and for general working capital purposes.

About Indico Resources Ltd.

Indico Resources Ltd. is a resource exploration company focused in the discovery and exploration of porphyry copper-gold deposits in South America. The Ocaña Porphyry Project is the Company’s primary exploration project and is currently the main focus of exploration activities. Recently, the Company entered into a Memorandum of Understanding to acquire 51% initially and up to 100% eventually by fulfilling the conditions set out in the press release dated 22 October, 2012 of the Maria Reyna Cu-Mo porphyry-skarn project in the Andahuaylas-Yauri Belt, Cusco Region. This belt hosts several significant deposits, including the Las Bambas porphyry-skarn cluster (1.7 billion tonnes of 0.60% Cu), Haquira (690 million tonnes at 0.59% Cu), and the

neighbouring Constancia porphyry deposit (reserves of 450 million tonnes at 0.36% Cu). For more information, please visit our website at www.indicoresources.com; follow us on Twitter: @indicoresources and Facebook: Indico Resources Ltd.

The technical information provided in this news release was reviewed and approved by Robert W. Baxter (FAusIMM), a director of the Company and a qualified person for the purposes of National Instrument 43-101.

On behalf of Indico Resources Ltd.,

Robert Baxter

President and Chief Executive Officer

Contact Information: Bob Baxter – President & CEO
 Email: bbaxter@indicoresources.com
 Phone: +1(604) 638-5817 / Fax: +1(604) 408-7499

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward looking information" within the meaning of the British Columbia Securities Act and the Alberta Securities Act. Generally, the words "expect", "intend", "estimate", "will" and similar expressions identify forward-looking information. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, or that of our industry, to differ materially from those expressed or implied in any of our forward looking information. Statements in this press release regarding Indico's business or proposed business, which are not historical facts, are forward-looking information that involve risks and uncertainties, such as estimates and statements that describe Indico's future plans, objectives or goals, including words to the effect that Indico or management expects a stated condition or result to occur. Since forward-looking statements address events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. All of the Company's Canadian public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties. The foregoing commentary is based on the beliefs, expectations and opinions of management on the date the statements are made. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.