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INDICO ANNOUNCES OFFER TO PURCHASE THE IRMIN COPPER PROJECT

NR16-02

May 20, 2016

Vancouver, British Columbia – Indico Resources Ltd. (the “**Company**”) (TSX-V: IDI) is pleased to announce that it has entered into a letter of intent (the “**LOI**”) with Aruntani S.A.C. (“**Aruntani**”) pursuant to which it will sell to Aruntani all of the shares of Indico Peru S.A.C. (“**Indico Peru**”), a wholly owned subsidiary of the Company, which has an irrevocable option to acquire all of the shares in the capital of Inversiones Minerales S.A.C., an entity holding a series of concessions in Peru (the “**Transaction**”).

Aruntani will acquire all rights held by Indico Peru to Inversiones Minerales S.A.C., which holds 23 concessions covering 123 km², located on the northwest extension of the Southern Peru Porphyry Copper Belt (the “**Irmin Property**”). At present, the Company and Aruntani have an agreement to jointly develop the Irmin Property (the “**Joint Venture Agreement**”), with Aruntani holding an earn-in option allowing it to earn 70% interest in the Irmin Property after completion of expenditures totaling US\$18,600,000. As part of the Transaction, Aruntani will acquire the Company’s legal and beneficial right, title and interest in and to the Ocana Property, including any interests held pursuant to the Joint Venture Agreement. As consideration for the acquisition of all shares of Indico Peru, Aruntani will pay to the Company US\$6,000,000 in cash and will grant the Company a 1% Net Smelter Return royalty over the Irmin Property.

Aruntani is the holder of approximately 27.21% of common shares in the capital of the Company, and is considered a “control person” as such term is defined by applicable securities laws. Accordingly, the Transaction will be a related party transaction pursuant to the provisions of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Closing of the Transaction is subject, among other things, to the approval of the TSX Venture Exchange, minority shareholder approval and valuation, and any other applicable governmental or regulatory authorities.

About Indico Resources Ltd.

Indico is a mineral resource exploration company focused in the discovery and exploration of porphyry copper-gold deposits in South America. The Irmin Porphyry Project, located in the Arequipa Region of Peru, is the Company's primary exploration project and is currently the main focus of exploration activities.

On behalf of Indico Resources Ltd.,

Robert Baxter
President and Chief Executive Officer

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Neither the 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.