

Regulatory Announcement

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Company [Archipelago Resources PLC](#)
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Archipelago Resources plc

23 March 2006

BANK FINANCE APPROVED
for the
TOKA TINDUNG GOLD PROJECT

Archipelago Resources plc ("Archipelago" or "the Company") is pleased to announce that credit committee approval has been received from four banks that have agreed to provide a syndicated loan facility for the development of the Company's 85% owned Toka Tindung Gold Project in Sulawesi, Indonesia (the "Project"). The syndication was arranged by N.M. Rothschild & Sons (Australia) Limited ("Rothschild") following the granting to Rothschild of an exclusive financing mandate to provide debt finance and hedging facilities for the Project. The four banks are:-

- a) Rothschild,
- b) Australia and New Zealand Banking Group,
- c) Societe Generale and
- d) WestLB AG;

who together will provide a US\$38.5m debt and US\$4.0m cost overrun facility.

Extensive technical reviews and due diligence have been undertaken by the lenders' engineer and other consultants, however a number of pre-conditions remain to be satisfied prior to debt drawdown. These include the raising and expenditure by the Company of additional capital, the issue of operating permits in accordance with development and environmental approvals previously issued by the Indonesian government and the implementation of a hedging facility involving approximately 45% of the project's current reserves.

In December, the Company announced that it had commenced interim hedging to the extent of 33% of current reserves by way of the purchase of put options to provide a floor price and protect Project revenue. The Company expects to convert a portion of its existing resources into additional reserves on the back of the current strong gold price and is confident of discovering further reserves by means of exploration, thereby extending the Project life.

The Project operates under two Contracts of Work ("CoW") which constitute an agreement between the CoW operating companies, in which Archipelago holds an 85% interest and the Indonesian government. The CoWs provide exclusive rights for the operating companies to explore, develop and produce from any identified mineral deposits. Those portions of the CoWs that contain the delineated mineral deposits that comprise the Project have now progressed to 'Construction' stage in preparation for construction of the processing plant and the commencement of

mining.

In addition to construction rights, the CoW operating companies also have environmental approvals in the form of approved AMDALs.

The project site is already cleared for construction and a workshop/warehouse recently constructed with an administration office well advanced. Other construction activities will commence as soon as contracts are finalised.

Shipment of the containerised portion of the El Tambo processing plant purchased by Archipelago from Barrick is expected to take place early this year with the remainder to follow soon after.

Archipelago anticipates having to raise about £11m of additional funding to: -

- a) complete project construction;
- b) commence exploration on the numerous mineralised targets and extensions to known deposits at Toka Tindung;
- c) undertake exploration in Vietnam and the Philippines; and
- d) meet corporate operating expenditure.

The mechanisms for raising these funds are still under consideration by the Company but include equity and additional debt supported by current robust project economics.

The Toka Tindung Gold Project has a resource of 1.75M ounces (ozs) of gold equivalent, of which at least 0.9M ozs will initially be mineable by open pit.

The Project is targeted to produce an average 160,000 ozs per annum for the initial 5 years of the current 6 year mine life. Production is expected to commence in early 2007.

Archipelago is a mining company listed on the AIM market of the London Stock Exchange. The Company's principal activities are gold mining and exploration in Indonesia (as 85% owner of the Toka Tindung Gold Project in Sulawesi), Vietnam (as majority party in the Cam Thuy/Ba Thuoc joint venture with Vimico a Vietnamese Government mining company) and the Philippines (as option holder over a 100% interest in the Corplex tenements).

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