INDOCHINE MINING LIMITED AND CONTROLLED ENTITIES

ACN 141 677 385

Annual Financial Report
30 JUNE 2020

Indochine Mining Limited and Controlled Entities
ACN 141 677 385

Contents

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Directors' Report

Your Directors present their report, together with the financial statements on the consolidated entity of Indochine Mining Limited (**Group, Company, IDC** or "**Indochine"**) and the entities it controlled at the end of, and during, the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Brian Rodan – Executive Director	(Appointed 19 January 2021)
Jonathon Edwards – Non-Executive Director	(Appointed 19 January 2021)
Jonathon Busing – Non-Executive Director	(Appointed 19 January 2021)
Craig Dawson – Non-Executive Director	(Appointed 18 February 2014, Resigned 19 January 2021)
Keith Murray – Non-Executive Director	(Appointed 20 October 2014, Resigned 19 January 2021)
Anthony Gates – Non-Executive Director	(Appointed 30 May 2016, Resigned 19 January 2021)

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Brian Rodan – Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM)

Executive Director

Managing Director and owner of Australian Contract Mining Pty Ltd (ACM), a mid-tier contracting company that successfully completed $1.5B worth of work over a 20-year period. ACM was sold to an ASX listed gold mining company in 2017.

Founding Director of Dacian Gold Limited who purchased the Mt Morgans Gold Mine from the Administrator of Range River Gold Ltd. After listing on the ASX in 2012 Mr Rodan was Dacian's largest shareholder.

Executive Director of Eltin Limited. 15-year tenure with Australia's largest full service ASX listed contract mining company with annual turnover of $850M (+). Mr Rodan is currently Managing Director and Acting Executive Chairman of Siren Gold Limited (ASX: SNG).

Jonathon Edwards – Bachelor Degree in Mechanical Engineering

Non-executive Director

Mr Edwards has over 40 years' experience in a wide range of position in both the mining and oil and gas sectors. Mr Edwards was the Managing Director and owner of Seatrac Pty Ltd, an oil field services business that had a turnover of $20 million per annum at the time of sale in 2007 and spent a further five years as the Business Development Manager for the purchaser of Seatrac, Helix Energy Solutions Group. Mr Edwards is currently an active property and share market investor.

Directors' Report (*continued*)

Jonathon Busing – BBus, CA

Non-executive Director

Mr Busing is currently the founder and director of Everest Accounting. He specialises in advising ASX listed companies on compliance, mergers and acquisitions and statutory accounting requirements. Mr Busing was a forensic accountant at RSM before joining Mining Corporate in 2011 and was responsible for the compliance and requirements of ASX listed and unlisted entities. Mr Busing is the current Company secretary for multiple ASX listed entities and Director of Caeneus Minerals Limited (ASX: CAD). Mr Busing is a member of Chartered Accountants Australia and New Zealand and holds a public practice certificate.

Craig Dawson – AssocDipMMT(Mine Surveying), BAppSc (Mining Engineering), MBA, MAusIMM, GAICD, AWASM

Non-executive director

Craig Dawson brings successful mine development experience and expertise over three decades in Australia, Africa and Brazil. Mr Dawson has had multiple roles in companies such as Lion Ore/Norilsk Nickel Australia, Northern Mining Limited, Aditya Birla Minerals Limited and Sandfire Resources NL, and is currently the General Manager Operations for the world's largest lithium producer – Talison Lithium Pty Ltd. A key highlight in his career was his role as General Manager Operations with Sandfire Resources, where he led the successful development of the DeGrussa Copper project in Western Australia, an open pit and underground mine and processing plant. Mr Dawson played a pivotal role in delivering the DeGrussa project on time and under budget.

Keith Murray – B Accounting, CAANZ

Non-executive director

Keith Murray has an executive career spanning 40 years, with experience in audit and accounting, principally as a financial controller and company secretary in contract mining companies as well as in retail operations. He is currently General Manager Corporate and Company Secretary with the Heytesbury Group.

Anthony Gates – B.Sc, FAustIMM, FAIG, Chart.Prof(Geol), MMICA

Non-executive director

Anthony Gates is an exploration geologist with over 50 years of experience in the mining industry, primarily focused in Australia and Papua New Guinea (**PNG**). His success includes the discovery of the high-grade Emily Ann Nickel Deposit and Higginsville colluvial /alluvial mine in Western Australia. His work in PNG involved detailed mapping, sampling and exploration drilling and included due diligence on the Mt Kare Gold project and the Malamunda Gold project.

Director	Number of Shares held directly or indirectly through related entities	Options
Craig Dawson	7,546	-
Keith Murray	-	-
Tony Gates	-	-
Brian Rodan	347,227	-
Jonathon Edwards	10,525	-
Jonathon Busing	-	-

COMPANY SECRETARY

The names and details of the Company's Secretaries in office during the financial year and until the date of this report are as follows.

Sebastian Andre	(Appointed 14 September 2020)
Ashok Jairath	(Appointed 28 August 2012, Deceased 15 April 2020)

Ashok Jairath – FCPA

Ashok Jairath was a FCPA, with over 37 years of experience in financial and corporate roles in Australia and Europe and Company Secretary roles in other listed and unlisted public companies. Mr Jairath was also the Chief Financial Officer of the Company.

Sebastian Andre – BAcc/BA, GradDip Fin, FGIA

Sebastian Andre is a Chartered Secretary with over 10 years of experience in corporate advisory, governance and risk services. He has previously acted as an adviser at the ASX and has a thorough understanding of the ASX Listing Rules, specialising in providing advice to companies and their boards in respect to capital raisings, IPOs, backdoor listings, corporate compliance and governance matters. Mr Andre holds qualifications in accounting, finance and corporate governance and is a member of the Governance Institute of Australia.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group were working towards the effectuation of the Deed of Company Arrangement (DOCA).

OPERATING AND FINANCIAL RESULTS

The consolidated loss of the consolidated group for the financial year amounted to $3,029,651 (2019: loss of $5,550,969).

Aude Holdings Pty Ltd (the **Secured Creditor**) has continued to fund the costs associated with continuing operations of the Group including:

a) maintaining the Mt Kare Gold/Silver Project in good standing;
b) funding legal costs associated with the Papua New Guinea judicial review initiated by Summit Developments Limited; and
c) funding any amounts payable to the administrator of the DOCA (**the Deed Administrator**).

A further variation to extend the facility and loan amount with Aude Holdings Pty Ltd was effected on 26 June 2019.

DIVIDENDS

No dividends have been paid or declared during the financial year, nor do the directors recommend the declaration of a dividend.

FINANCIAL POSITION

The net liabilities of the consolidated group increased by $3,112,547 from $27,482,858 as at 30 June 2019 to $30,595,405 as at 30 June 2020.

EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events have arisen since the end of the period:

Execution of Deed of Company Arrangement (DOCA)

Subsequent to year end, the DOCA was executed on 19 January 2021, and all obligations under the DOCA have been met. As a result the Company has issued 10,000,000 fully paid ordinary shares and 10,000,000 options exercisable at $0.05 each on or before 31 December 2025 to the Proponent.

In connection with effectuating the DOCA, Kandahar raised a sum of $1,735,000 (**Subscription Sum**) from professional and sophisticated investors, with the Subscription Sum invested in Indochine. Of the Subscription Sum, $450,000 was applied toward payment of the Second Loan Amount under the DOCA and the relevant investors received Shares on effectuation of the DOCA at an issue price of $0.05 per Share. The options granted on effectuation of the DOCA are currently held by Kandahar.

The balance of the Subscription Sum ($1,285,000) was invested in Indochine through a placement of 25,700,000 Shares at an issue price of $0.05 per Share (**Placement**) and funds raised were used to settle amounts owing by Indochine to the Administrator (for costs incurred on behalf of Indochine during the term of the DOCA) and will be used for working capital purposes.

Each of the current directors of Indochine participated in the capital raising completed by Kandahar. In this regard, on effectuation of the DOCA, the Administrator resolved to issue 2,321,167 Shares to Brian Rodan and 2,532,869 Shares to Jon Edwards (or their respective associates) in conversion of the DOCA Loan, with further Shares intended to be issued under the Placement, subject to shareholder approval, which will be sought at the upcoming AGM.

In addition, an entity associated with Brian Rodan settled expenses of Indochine incurred during the term of the DOCA for an aggregate sum of $150,000.35. These amounts are also intended to be converted into 3,000,007 Shares at an issue price of $0.05 per Share, subject to shareholder approval at the upcoming AGM.

The Deed of Company Arrangement (DOCA) was effectuated on 19 January 2021. As at this date the appointment of the Administrators ceased, and the Company returned to the control of the Directors. The effectuation of the DOCA resulted in the Company recognising an amount of $3,036,815 as debt forgiveness in the 30 June 2020 financial report. This is treated as an adjusting subsequent event in that the DOCA effectuation confirmed the Company's present obligations at the end of the reporting period. The other aspects of the DOCA were considered on-adjusting events under AASB 110 (22f) and will be accounted for in the 30 June 2021 financial report.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Potential developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity's operations are subject to significant environmental regulation in respect to its exploration activities. There have been no reports of breaches of environmental regulations during the financial year or to the date of this report.

MEETING OF DIRECTORS

There were no meetings of the directors held during the year as under the DOCA all decisions regarding the day to day operations of the Company rest with the Deed Administrator.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid during or since the end of the financial year for any person who is or has been an officer of the Company.

OPTIONS

Unissued shares under option

There were no unissued ordinary shares of Indochine Mining Limited as at 30 June 2020 as all options on issue were cancelled under the DOCA.

Subsequent to the execution of the DOCA, on the 21 January 2021, the Company issued 10,000,000 options exercisable at $0.05 on or before 31 December 2025.

Shares issued on exercise of options

No shares have been issued upon exercise of options.

PROCEEDINGS ON BEHALF OF THE COMPANY

On 27 March 2018, the PNG National Court, presided by Justice Nablu, upheld the Minister for Mining's decision of 14 December 2015 not to renew SDL's license over Mt Kare. An application to appeal J. Nablu's decision was lodged with the PNG Supreme Court on 10 July 2018. The appeal was heard on 26 February 2019 by a three judge bench of the PNG Supreme Court, comprising Justices Batari, Dingake and Mivir, with J.Batari as the Chairman of the bench. The PNG Supreme Court reserved its decision and the date of the decision is yet to be advised.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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Directors' Report (*continued*)

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2020:

	$
Taxation services and other services	-

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 10 following the Directors' report.

Signed in accordance with a resolution of the Board of Directors.

Brian Rodan
Executive Director
Date: 10 June 2021

Crowe

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Indochine Mining Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Perth

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 10 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDOCHINE MINING LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Indochine Mining Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report the accompanying financial report of Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The Group has recognised $4,250,773 of trade payables at 30 June 2020, being the balance of creditors disclosed at 30 June 2019 not subject to the Deed of Company Arrangement. The matter detailed in Note 18 has resulted in the above balance being recognised at 30 June 2020. We were unable to obtain sufficient appropriate audit evidence to substantiate this balance at 30 June 2020.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter

We draw attention to Note 1(a) of the financial report, which describes matters relating to the going concern basis of preparation. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The June 2019 comparative figures were prepared on a non-going concern basis and the corresponding audit report contained a disclaimer of opinion as management were unable to provide sufficiently complete information in respect to creditor claims (including employee entitlements) arising in a liquidation scenario. As a result, the June 2020 audit opinion does not cover the June 2019 comparative information which remains subject to the above disclaimer of opinion.

Crowe Perth

Crowe Perth

Sean McGurk
Partner

Signed at Perth 10 June 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

		CONSOLIDATED GROUP	
		2020	2019
	Note	**$**	$
Other income	2	**3,036,815**	-
Professional fees		**(92,692)**	(59,066)
Insurance expenses		**-**	(8,250)
Employee benefits expense		**-**	(22,812)
Travel expenses		**(11,007)**	(37,105)
Consultancy expenses		**(36,804)**	(118,250)
Administration expenses		**(408,508)**	(909,135)
Interest on loan		**(5,517,455)**	(4,352,351)
Loss before income tax from continuing operations		**(3,029,651)**	(5,550,969)
Income tax expense	3(a)	**-**	-
Loss for the year from continuing operations		**(3,029,651)**	(5,550,969)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve gains	11	**(82,897)**	96,908
Other comprehensive income for the year		**(82,897)**	96,908
Total comprehensive loss for the year*		**(3,112,548)**	(5,454,061)
Basic Loss per share (cents per share)	6	**89**	159

* There are no non-controlling interests or losses. All losses are attributable to the members of the parent.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position
As at 30 June 2020

		CONSOLIDATED GROUP	
		2020	**2019**
	Note	**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	7	**140,274**	244,390
Total Current Assets		**140,274**	244,390
TOTAL ASSETS		**140,274**	244,390
CURRENT LIABILITIES			
Trade and other payables	8	**30,615,679**	27,607,248
Provisions	9	**120,000**	120,000
Total Current Liabilities		**30,735,679**	27,727,248
TOTAL LIABILITIES		**30,735,679**	27,727,248
NET LIABILITIES		**(30,595,405)**	(27,482,858)
EQUITY			
Issued capital	10	**133,031,922**	133,031,922
Accumulated losses	11(b)	**(169,054,582)**	(166,024,932)
Reserves	11(a)	**5,427,255**	5,510,152
TOTAL EQUITY		**(30,595,405)**	(27,482,858)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Indochine Mining Limited and Controlled Entities
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Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
CONSOLIDATED GROUP				
Balance at 1 July 2018	133,031,922	(160,473,962)	5,413,244	(22,028,797)
Loss for the year	-	(5,550,969)	-	(5,550,969)
Currency translation differences	-	-	96,908	96,908
Total comprehensive income for the year	-	(5,550,969)	96,908	(5,454,061)
Balance at 30 June 2019	133,031,922	(166,024,931)	5,510,152	(27,482,858)
Balance at 1 July 2019	133,031,922	(166,024,931)	5,510,152	(27,482,858)
Loss for the year	-	(3,029,651)	-	(3,029,651)
Currency translation differences	-	-	(82,897)	(82,897)
Total comprehensive income for the year	-	(3,029,651)	(82,897)	(3,112,548)
Balance at 30 June 2020	**133,031,922**	**(169,054,582)**	**5,427,255**	**(30,595,405)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows
For the year ended 30 June 2020

		CONSOLIDATED GROUP	
		2020	**2019**
	Note	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(609,906)**	(987,038)
Net cash used in operating activities	13	**(609,906)**	(987,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**505,790**	900,234
Net cash provided by financing activities		**505,790**	900,234
Net increase / (decrease) in cash held		**(104,116)**	(86,804)
Cash at the beginning of the year		**244,390**	311,521
Foreign exchange translation difference		**-**	(327)
Cash at the end of the year	7	**140,274**	244,390

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Indochine and Controlled Entities (the "consolidated group" or "Group").

The separate financial statements of the parent entity, Indochine, have not been presented within this financial report, as permitted by the *Corporations Act 2001*.

The financial report of Indochine for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 10 June 2021.

Indochine is a company limited by shares incorporated and domiciled in Australia, whose shares are not publicly traded.

(a) Going concern basis of preparation

The 30 June 2020 financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at amounts stated in the financial report. As at 30 June 2020 the Group had a net working capital deficiency of $30,595,405.

As detailed in Note 18, since the year end, the Deed of Company Arrangement dated 4 June 2015 has been effectuated and new directors appointed to the Company. Directors are currently evaluating strategic opportunities that aim to restore value to shareholders.

As set out in Note 14, certain related parties have provided secured loans to the Group totalling $26,364,904. These loans are repayable on demand. On 28 April 2021, those related parties confirmed that at that date it is not their intention to call for repayment in full or in part the loans within a twelve-month period ending 28 April 2022 unless and until the Group is in a position to repay the whole or part of the amounts due and still remain solvent and a going concern. The Directors anticipate the continued support of the related party with respect to the provision of these loans.

The matters above represent material uncertainties over the ability of the Group to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report is presented in Australian dollars and is rounded to the nearest whole dollar unless otherwise stated.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Indochine at the end of the reporting period and are consistent with AASB 10 Consolidated Financial Statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Going Concern *(continued)*

The key terms of the DOCA are outlined below:

Key Terms of DOCA

DOCA Proponent

- Kandahar Holdings Pty Ltd

Deed Administrators

- Martin Jones, Darren Weaver and Ben Johnson jointly and severally of Ferrier Hodgson

Proposal:

- The Proponent will provide the First Loan in the amount of $50,000 to the Company within 14 days of the execution of the DOCA.
- The Deed Administrators will be at liberty to amend the dates for payment without seeking approval from the Company's creditors.
- In addition to the First Loan, the Proponent will pay a Second Loan in the amount of $450,000 within 14 days of satisfaction or waiver of the conditions precedent.
- In consideration for the Proponent's First Loan and Second Loan, the Deed Administrators will cause a meeting of the Company's shareholders to be convened for the purpose of considering and approving:
  - a consolidation of existing shares on issue at a ratio of 400:1;
  - cancellation of all existing options;
  - the issue of 10 million ordinary shares to the Proponent or its nominees; and
  - the issue of 10 million options over ordinary shares to the Proponent.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Going Concern *(continued)*

Key Terms of DOCA *(continued)*

Secured Creditor

- The rights of the Secured Creditor will not be prejudiced by the DOCA – it will not be bound by any moratorium and will be entitled to exercise its rights as a Secured Creditor at any time prior to, during or after the term of the DOCA.

Available Property

- The assets of the Company (Available Property) will comprise:
  - The balance of cash at bank that was held by the Administrators immediately prior to the execution of the DOCA;
  - The proceeds from the Second Loan Amount;
  - All shareholdings in other companies owned by the Company, but excluding the Company's shareholdings in Summit Development Limited.

Participating Creditors

- Creditors of the Company who had claims, whether present or future, certain or contingent, ascertained or sounding only in damages, the circumstances giving rise to which occurred on or before 27 March 2015. For the avoidance of any doubt, the Secured Creditor is not a "Participating Creditor" pursuant to the DOCA.
- "Priority Creditor" means:

  A Participating Creditor with a debt payable by or claim against the Company as at the Relevant Date which, had the Company been wound up with the Relevant Date being the day on which the windup up was to have begun, would have been a debt or claim which must be paid in priority to all other unsecured debts or claims in accordance with section 556 or section 560 of the Act.
- "Class A Creditor" means each Priority Creditor Claim against the Company.
- "Class B Creditor" means all creditors of the Company, excluding Class A Creditors and the Secured Creditor, for their claims against the Company as adjudicated on by the Company's Administrators.

Application of Proceeds

- Firstly, all remuneration and expenses of the Administrators, Deed Administrators and Trustees will be paid in full.
- Secondly, a distribution will be made to Class A Creditors.
- Lastly, the balance to the Class B Creditors who will be entitled to be paid in the same priority from the Creditors' Trust as would be afforded them in a winding up of the Company pursuant to section 556 of the Act.

New Directors

- The Deed Administrators will remove any directors from the Company's board of directors and appoint new directors to the Company's board of directors as instructed by the Proponent.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Going Concern *(continued)*

Key Terms of DOCA *(continued)*

Creditors' Committee

- In order to advise and assist the Deed Administrators there may be a committee of inspection.
- For the purpose of determining whether there is to be a committee of inspection, and, if so, the conduct of proceedings of the committee of inspection, the following provisions apply of the DOCA:
  - Sections 548 to 551 inclusive of the Act; and
  - Regulations 5.6.12 to 5.6.36A inclusive of the Corporations Regulations.

Administrators'/Deed Administrators' Lien

- Subject to the rights of the Secured Creditor, the Deed Administrators and Administrators are entitled to be indemnified out of the Available Property and have a lien over the assets of the Company for their remuneration, costs, fees and expenses for work done in the performance of their duties as Administrators and Deed Administrators.
- The Deed Administrators and Administrators are not entitled to an indemnity out of the Available Property or any other property of the Company against any Claims arising out of, in connection with or incidental to any fraudulent or negligent act, omission or any act done outside the DOCA by the Deed Administrators, Administrators or their staff.
- The Deed Administrators' and Administrators' right of indemnity have priority as a Priority Creditor's Claim and are entitled to exercise the right of indemnity whether or not the Claims have been paid or satisfied.

Members' rights exercisable by Deed Administrators

- Until the DOCA terminates, for the purpose of administering the DOCA or fulfilling the arrangement affected by the DOCA, the Deed Administrator has all the rights and powers of the Company's members in general meeting of the exclusion of the Company's members.

Moratorium against the Company in relation to winding up

- Creditors are not able to pursue claims against the Company absent leave of the Court. This restriction will not apply to the Secured Creditor.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Going Concern *(continued)*

Key Terms of DOCA *(continued)*

Termination of DOCA

- The DOCA automatically terminates when any of the following conditions are met:
    - The Deed Administrators have transferred the Available Property to the Creditors' Trust.
    - The Court makes any order terminating the DOCA.
    - The Conditions Precedent are not satisfied or waived on or before 30 September 2015 or such other date as agreed in writing between the Deed Administrators and the Proponent. The current agreed date for the termination of the DOCA is 31 March 2020. The Company's creditors pass a resolution terminating the DOCA at a meeting that was convened pursuant to section 445F of the Act.
- If the Deed Administrators have transferred the Available Property, then the Deed Administrators must, within 5 business days after distribution, lodge a written notice with the Australian Securities and Investments Commission in the prescribed form.
- On termination of the DOCA, the Deed Administrators must deliver to the Company all of the Company's books and records in the possession of the Deed Administrators other than those that were created after the Relevant Date.
- The termination of the DOCA will not affect:
    - the previous operation of the DOCA; or
    - the enforceability of any accrued obligations under the DOCA.

Conditions Precedent

- The approval of the Company's Creditors of the DOCA at the Creditors' Meeting.
- The approval of the Company's Shareholders of the recapitalisation proposal at the Shareholders' Meeting. The Proponent providing the Deed Administrators with a notice stating that Summit's interest in exploration licence number EL1093 in Papua New Guinea has been preserved on terms and conditions that are acceptable to the Proponent.
- Confirmation from the ASX that the Company will not be required to re-comply with ASX Chapters 1 and 2.
- In consideration for the Proponent's First Loan and the Proponent's Second Loan, the Deed Administrators will cause a meeting of the Company's shareholders to be convened in accordance with the Company's constitution for the purpose of considering and approving:
    - a consolidation of the Company's existing shares on issue at a ratio of 400:1;
    - cancellation of all existing options to acquire shares in the Company;
    - the issue of 10 million ordinary shares to the Proponent or its nominees; and
    - the issue of 10 million options over ordinary shares to the Proponent or its nominees at an exercise price of $0.05 with an expiry date of 31 December 2025.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Going Concern *(continued)*

Key Terms of DOCA *(continued)*

Release of Claims

- On termination of the DOCA, the Company is released from all Participating Creditors' Claims (which, as noted above, will not include the Secured Creditor) and it is agreed that there is no consideration payable in respect of the releases provided.
- The Company may plead the DOCA in bar to any action, proceeding or suit brought by a Participating Creditor in respect of that Participating Creditors' Claim.
- Where there have been mutual creditors, mutual debts or other mutual dealings between the Company and a Participating Creditor, then the sum due from one party is to be set off against any sum due from the other party with the balance released if in favour of the Participating Creditor or the balance payable to the Company if in favour of the Company.
- A Participating Creditor will not be entitled to claim the benefit of any set-off if, at the time of giving credit to the Company, or at the time of receiving credit from the Company, it had notice of the fact that the Company was insolvent and section 553C of the Act will apply to any inconsistencies.
- Each Participating Creditor accepts the Participating Creditor's entitlement under the DOCA in full satisfaction of the Participating Creditor's Claim.
- If the Deed Administrators request Participating Creditors to do so, each Participating Creditor must, within 7 days after the making of the request, execute and deliver to the Company a written release of the Participating Creditor's Claim in the form the Deed Administrators reasonably require to fulfil the arrangement effected by the DOCA, save to say that any such release will not take effect unless and until the DOCA terminates.
- Each Participating Creditor irrevocably appoints the Deed Administrators to be the attorney of the Participating Creditor with full power for and on behalf of and in the name of the Participating Creditor to do all acts and things and sign and execute all deeds, documents and notices as may be necessary or convenient for the purpose of the execution and delivery to the Company of the written release of the Participating Creditor's Claim.

Abandonment by Creditors who do not prove

- A Creditor, other than the Secured Creditor, is taken to have abandoned the Creditor's Claim if, before the declaration of a final dividend to Participating Creditors in accordance with the DOCA, the Creditor:
  - fails to submit a formal proof of debt or claim in respect of the Creditor's Claim; or
  - having submitted a formal proof of debt or claim in respect of the Creditor's Claim which is rejected, fails to appeal to the Court against the rejection, within the time allowed for such appeal under the Act and the Corporations Regulations.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Going Concern *(continued)*

Key Terms of DOCA *(continued)*

Remuneration of the Deed Administrators

- The Deed Administrators' remuneration for the Deed Administrators' services as administrators of this Deed is fixed at the amount calculated at time x firm rates and is not to exceed $200,000 or such greater amount as is approved from time to time under section 449E of the Act.
- The Deed Administrators may draw the Deed Administrators' remuneration from the Available Property, or, if the Available Property is insufficient, from any other property of the Company.
- The Deed Administrators are entitled to be reimbursed from the Available Property for the whole of the costs, charges and expenses incurred by the Deed Administrators in connection with or incidental to the Deed Administrators' administration of the DOCA.
- The Deed Administrators may draw the Deed Administrators' remuneration and reimbursement at the end of each month.

Costs and Outlays

- The costs and outlays connected with the negotiation, preparation and execution of the DOCA for the Company and the Deed Administrators are taken to be costs, charges and expenses incurred by the Deed Administrators in connection with or incidental to the Deed Administrators' administration of the DOCA.
- The Proponent's costs and outlays connected with the negotiation, preparation and execution of this Deed are his own.
- The Company must pay all duty and other government imposts payable in connection with the DOCA and all other documents and matters referred to in the DOCA when due or earlier if requested in writing by the Deed Administrators.

Other Terms

- Except where expressly included in this Deed the Prescribed Provisions are excluded from the DOCA.
- Each party must promptly at its own cost do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to the DOCA.
- The law of Western Australia will govern the DOCA.
- The parties submit to the exclusive jurisdiction of the Court and agree that any lawsuit must be heard, if at all, in the Court.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Impact of Adopting the Non-Going Concern Basis of Preparation on Measurement, Classification of Assets and Liabilities, and Disclosure

Under the non-going concern basis of preparation, assets have been measured at their subsequent realisable value. The subsequent realisable value is their value based on the proceeds subsequently received on sale, disposal or realisation. Liabilities have generally been measured at their contractual amounts payable including in default circumstances where relevant.

The recognition and de-recognition requirements of Australian Accounting Standards have continued to be applied in the preparation of the financial report.

Any gains or losses resulting from measuring assets and liabilities under the non-going concern basis are recognised in profit and loss.

The material impacts of adopting the non-going concern basis of preparation and measuring assets and liabilities on that basis are summarised below.

Carrying Value of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors. These include the level of reserves and resources, future technological changes, which could impact the cost of development, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. Consequently, exploration and evaluation costs incurred carried forward in relation to Mt Kare Gold/ Silver Project (formerly EL 1093) in PNG were impaired as at 30 June 2015 and any subsequent costs incurred on these activities have been expensed. The rationale for writing off these expenses is that at the time the company entered VA, it was not probable that such amounts would be able to be recouped through successful development or by sale as a result of the following events:

- the accounts being prepared on a non-going concern basis (refer Note 1(a));
- the material curtailment of operations; and
- the uncertainty regarding the completion of the proposed DOCA; and the uncertainty around the ability to raise funds and the future recapitalisation of Indochine to ensure that Indochine has the necessary financial resources to appropriately continue with exploration.

Carrying Value of Trade and Other Payables and Provisions

The carrying value of trade payables and provisions as at 30 June 2020 has been recognised at the contractual amounts payable following successful effectuation of the DOCA on 19 January 2021. Refer Notes 8 and 9.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Statement of Compliance with International Financial Reporting Standards

This general purpose financial report complies with Australian Accounting Standards.. Compliance with Australian Accounting Standards ensures that the financial
report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(d) Accounting Standards not Previously Applied

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Indochine and its subsidiaries (**"the Group**").

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(f) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements for the reporting year requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Directors continually evaluate their judgement and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. The directors base their judgement and estimates on historical experience and on other various factors they believe to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

The directors have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results of the financial position reported in future periods.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Significant Accounting Judgements, Estimates and Assumptions *(continued)*

- ***Exploration and Evaluation Expenditure***
  Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist and that development may be sanctioned. Management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Judgement is also applied by management in determining which costs are directly attributable to the exploration assets. Critical estimates are made in respect of the percentage of time that management and other employees spend in the development of the various assets. While management uses their best judgement in this regard, there remains a degree of estimation uncertainty surrounding the allocation of costs to the various assets.

  The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. There is significant judgement required on the part of the Management and the Board in determining whether exploration assets are impaired. To this extent they have considered the exploration activities, the current market conditions, the political climate in the jurisdiction in which the assets exists, as well as numerous other factors when determining asset impairments.

- ***Carrying Value of Capitalised Exploration and Evaluation Expenditure***
  The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors. These include the level of reserves and resources, future technological changes, which could impact the costs of development, future legal changes and changes in gold prices.

- ***Expiry of Licences***
  The licence for the Mt Kare Gold Project (EL 1093) expired on 28 August 2014 and the application for renewal of the licence was lodged with Minerals Resource Authority (**MRA**) of PNG on 28 July 2014. However, on 18 January 2016, SDL was advised that on 14 December 2015 the Minister for Mining (Minister) had refused SDL's application to renew EL 1093. As a consequence, SDL filed an application with the PNG National Court seeking a judicial review of the Minister's decision. The substantive hearing of the judicial review was held on 5 September 2017. The judgement on the matter was delivered by Justice Nablu of the PNG National Court on 27 April 2018 and the PNG National Court upheld the Minister's decision. On 10 July 2018 an application to appeal the judgement of PNG National Court was lodged with the PNG Supreme Court. The appeal was heard on 26 February 2019 by a three judge bench of the Supreme Court, comprising Justices Batari, Dingake and Mivir, with J.Batari as the Chairman of the bench. The PNG Supreme Court reserved its decision and the date of the decision is yet to be advised. Further, with a view to preserving SDL's interest, a new application for the grant of an exploration license over Mt Kare has also been filed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Income Tax

The income tax expense or revenue for the current and prior periods comprises current income tax expense or income and deferred tax expense or income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense or income is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled and it is not probable that the reversal will occur in the foreseeable future.
Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Foreign Currency Transaction Balances

(i) *Functional and Presentation Currency*

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) *Transaction and Balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Foreign Currency Transaction Balances (continued)

(iii) *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rate prevailing at the date of the transaction.

The translation of foreign operations in the year under review resulted in a loss of $82,896 mainly due to the strengthening of the PNG Kina against the Australian Dollar.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period. However, where a subsidiary is deconsolidated, the differences are transferred to the retained earnings.

(j) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

The unpaid Employees Benefits up to 27 March 2015, have been dealt under the conditions set out in the DOCA.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Borrowing Costs

The accounts have recorded the secured loan, including capitalised interest and service fees on default basis as Trade and Other Payables under Note 8.

(o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative information has been prepared on a non-going concern basis.

(q) New Accounting Standards for Application in Future Periods

The new standards, amendments to standards and interpretations effective for annual reporting periods beginning after 1 July 2020 have not been applied in preparing these financial statements. The full impact of these new accounting standards will be assessed upon adoption.

NOTE 2: REVENUE AND EXPENSES

	2020	2019
	$	$
Revenue and expenses from continuing operations		
Other Income	**3,036,815**	-

The effectuation of the DOCA subsequent to year-end resulted in the Company recognising an amount of $3,036,815 as debt forgiveness classified above as Other Income.

NOTE 3: INCOME TAX BENEFIT

(a) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the periods ended 30 June 2020 and 30 June 2019 is as follows:

	2020	2019
Accounting loss before tax from continuing operations	**3,029,651**	5,550,969
Accounting loss before income tax	**3,029,651**	5,550,969
At the statutory income tax rate of 30% (2019: 30%)	**(908,895)**	(1,665,291)
Permanent differences	**96,910**	285,404
Movement in temporary differences not brought to account – other	**(7,650)**	(10,556)
Tax losses and timing differences not brought to account	**819,635**	1,390,443
Income tax expense	**-**	-
Effective income tax rate	**0%**	0%

(b) Tax balances not brought to account

	2020	2019
Deferred tax assets (tax losses) comprise of:		
Tax losses not brought to account	**34,159,327**	31,427,210
Potential deferred tax asset (tax losses) not brought to account	**10,247,798**	9,428,163

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a) Name and position held of key management personnel in office at any time during or since the end of the financial year are:

Directors:

Brian Rodan(1)
Jonathon Edwards(2)
Jonathon Busing(3)
Craig Dawson(4)
Keith Murray(5)
Anthony Gates(6)

Management:
Ashok Jairath, CFO(7)

(1) Appointed 19 January 2021
(2) Appointed 19 January 2021
(3) Appointed 19 January 2021
(4) Appointed 28 February 2014, Resigned 19 January 2021
(5) Appointed 20 October 2014, Resigned 19 January 2021
(6) Appointed 30 May 2016, Resigned 19 January 2021
(7) Deceased 15 April 2020

	2020	2019
	$	$
Short-term employee benefits (cash & deferred)	-	139,083

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (*continued*)

b) Shareholdings

The number of shares in the Company held during the financial year by the key management personnel of Indochine Mining Limited, including their related parties is set out below.

	Balance at 1 July 2019	Received as Compensation	Net Change	Balance at 30 June 2020
Directors:				
Brian Rodan[(1)]	347,227	-	-	347,227
Jonathon Edwards[(2)]	10,525	-	-	10,525
Jonathon Busing[(3)]	-	-	-	-
Craig Dawson[(4)]	7,546	-	-	7,546
Keith Murray[(5)]	-	-	-	-
Anthony Gates[(6)]	-	-	-	-
Other key management personnel of the group:				
Ashok Jairath[(7)]	18,552	-	-	18,552

(1) Appointed 19 January 2021
(2) Appointed 19 January 2021
(3) Appointed 19 January 2021
(4) Appointed 28 February 2014, Resigned 19 January 2021
(5) Appointed 20 October 2014, Resigned 19 January 2021
(6) Appointed 30 May 2016, Resigned 19 January 2021
(7) Deceased 15 April 2020

c) Option holdings

No options were held during the financial year by any key management personnel of Indochine, including their related parties.

NOTE 5: AUDITOR'S REMUNERATION	**2020** **$**	**2019** **$**
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	**27,900**	20,000
- other services	**-**	12,000
	27,900	32,500

NOTE 6: EARNINGS PER SHARE		2020	2019
		$	**$**
a)	Reconciliation of earnings to loss		
	Earnings used to calculate basic and diluted EPS	**(3,029,651)**	(5,410,061)
		No.	No.
b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**3,409,014**	3,409,014
c)	Basic loss per share (cents per share)	**89**	159

Basic earnings per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

NOTE 7: CASH AND CASH EQUIVALENTS	2020	2019
	$	**$**
Cash at bank and on hand	**140,274**	244,390

NOTE 8: TRADE AND OTHER PAYABLES

Current		
Trade Payables	**4,250,773**	6,481,826
*Other borrowings (Secured loan to Aude Holdings Pty Ltd)	**26,364,906**	20,301,794
Payroll related payables	**-**	823,628
Total Trade and Other Payables	**30,615,679**	27,607,248

*Note: Subsequent to year-end, Trade Payables have been dealt with under section 14 of the DOCA. As a result an adjustment of $3,036,815 has been recognised and recorded as debt forgiveness. Other borrowings, comprising of a secured loan, will preserve their rights under section 18 of the DOCA. In relation to the secured loan, it should be noted that the following fixed and floating charge over the carrying amount of assets of the Company have been pledged.

The carrying amounts of assets pledged as security are:

Fixed and Floating charge over assets of the Company	**140,274**	244,390

NOTE 8: TRADE AND OTHER PAYABLES (*continued*)

Further, the following should be noted in relation to the secured loan:

On 6 February 2014, the Company entered into a secured loan agreement with the Secured Creditor as trustee for Lastours Investment Trust (**Lastours**) to borrow $1,500,000 secured against a fixed and floating charge over the assets of the Company and at an interest rate of 60% calculated daily. In the event of default, the interest would increase to 80% per annum calculated daily. The loan was repayable in full by 31 May 2014. The Company was unable to repay the loan by 31 May 2014 and as at the due date it was in default and being charged interest at the rate of 80% from the date of default. On 14 May and 3 June 2014, the Company was served default notices.

On 1 August 2014, the Company entered into a Deed of Acknowledgement and Variation with the Secured Creditor as trustee for Lastours under which the Secured Creditor waived the breaches that gave rise to default notices on 14 May and 3 June 2014, reset the interest rate to 25% per annum, extended the expiry date to 31 December 2014 and provided an additional facility of $1.15 million. On 26 November 2014, the Company extended the term of the facility to 28 February 2015.

On 30 January 2015, a secured loan conversion agreement was signed between the Company and the Secured Creditor as trustees for Lastours. Under the terms of the agreement, the aggregate limit of the loan was increased from $3.25 million to $3.75 million and the term of the loan extended to 30 April 2015.

Subsequent to the Company being placed into VA, the loan facility of $3.75 million extended until 30 April 2015 was frozen and the Secured Creditor's rights preserved under the DOCA. A new facility of $1.25 million has been extended by the Secured Creditor to the Voluntary Administrator to fund the costs associated with maintaining the Mt Kare Gold Project in good standing, including the funding of the Warden's Hearing completed on 6 May 2015 and mediation which was conducted on site from 18 July to 20 July 2015 and then re-convened on 17 August 2015. On 22 October 2015, the new facility of $1.25 million extended by the Secured Creditor was varied through Deed of Variation to the original loan Agreement to a total of $2.0 million to provide funding to maintain the infrastructure at Mt Kare in good standing.

On 24 July 2017 a new facility of $4.5 million extended by the Secured Creditor was further varied through Deed of Variation to the original loan Agreement to a total of $6.5 million to provide further funding for continuation of SDL and legal costs incurred in the course of the administration of Indochine. The facility was further extended on 15 October 2018 by $3.5 million, bringing the total to $10 million. This was further varied on 26 June 2019 by $3 million, bringing the total to $13 million.

	2020	2019
	$	$
NOTE 9: PROVISIONS		
CURRENT		
Other provisions	**120,000**	120,000

NOTE 10: ISSUED CAPITAL	**2020**	**2019**
	$	**$**
Ordinary shares		
3,409,014 (2019: 3,409,014) fully paid ordinary shares	**3,409,014**	3,409,014

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in ordinary shares on issue	**No. of Shares**	**$**
Balance at 1 July 2019	**3,409,014**	**133,031,922**
Balance at 30 June 2020	**3,409,014**	**133,031,922**

Capital Management

Management manage the Group's capital by assessing the Group's cash flow and capital requirements and responding to those needs. These responses include management of capital projects, acquisition of mineral licences and reduction of expenditure.

NOTE 11: RESERVES AND ACCUMULATED LOSSES

a) Reserves

Foreign currency translation reserve	**5,427,255**	5,510,152
Total Reserves	**5,427,255**	5,510,152

Foreign currency translation reserve

Movements

At the beginning of the year	**5,510,152**	5,413,244
Currency translation differences arising during the year	**(82,897)**	96,908
Balance at the end of the financial year	**5,427,255**	5,510,152

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 11: RESERVES AND ACCUMULATED LOSSES *(continued)*	2020 $	2019 $
b) Accumulated Losses		
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the year	**(166,024,931)**	(160,473,962)
Net loss attributable to members of Indochine Mining Limited	**(3,029,651)**	(5,550,969)
Accumulated losses at the end of the financial year	**(169,054,582)**	(166,024,931)

NOTE 12: PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

PARENT ENTITY

a) Financial information

Loss for the year	**2,706,617**	4,717,955
Total comprehensive loss	**2,706,617**	4,717,955
Assets		
Cash and cash equivalents	**140,274**	230,027
Total Assets	**140,274**	230,027
Liabilities		
Trade and other payables	**107,113**	3,232,872
Provisions	**120,000**	120,000
Borrowings	**26,364,906**	20,301,794
Total Liabilities	**26,592,019**	23,654,666
Net liabilities	**26,451,745**	(23,424,639)
Equity		
Issued capital	**133,031,922**	133,031,922
Accumulated losses	**(159,483,667)**	(156,456,561)
Total Equity	**(26,451,745)**	(23,424,639)

NOTE 13: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax	2020	2019
	$	$
Loss after income tax	**(3,029,651)**	(5,550,969)
Non-cash flows in profit		
Foreign exchange	**(82,897)**	97,234
Accrued interest	**5,557,322**	4,352,351
Changes in assets and liabilities		
Decrease in trade and other creditors	**(3,054,680)**	114,346
Net cash flow used in operating activities	**(609,906)**	(987,038)

NOTE 14: RELATED PARTY TRANSACTIONS

a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the Group, is Indochine Mining Limited, which is incorporated in Australia.

ii. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 4: Key Management Personnel Compensation.

iii. Entities subject to significant influence by the Group:

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 16: Controlled Entities.

iv. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

NOTE 14: RELATED PARTY TRANSACTIONS *(continued)*

b) Transactions with related parties:	2020	2019
	$	**$**
Aude Holdings Pty Ltd:		
Aude Holdings Pty Ltd, a business controlled by Mr Brian Rodan, is a secured creditor that has continued to fund the costs associated with continuing operations of the Group.		
Additional funding provided during the year:	**505,790**	900,234
Interest accrued during the year:	**5,557,322**	4,352,351
Amount outstanding at year end:	**26,364,906**	20,301,794
MCA Nominees Pty Ltd:		
MCA Nominees Pty Ltd, a business controlled by Mr Brian Rodan, provides mining administration and consulting services.		
Fees incurred during the year:	**-**	-
Provision outstanding at year end:	**120,000**	120,000

NOTE 15: SEGMENT REPORTING

During the year the Group operated predominantly in one business segment, being gold and silver mining exploration. Geographically the Group operates exclusively in one geographical segment, being Asia Pacific, with an office maintained in Australia. Segment results are classified in accordance with their use within geographic segments.

	Australia	Papua New Guinea	Total
2020	**$**	**$**	**$**
Revenue			
Revenue	-	-	-
Total segment revenue	-	-	-
Results			
Operating loss before income tax	2,706,617	323,034	3,029,651
Income tax expense	-	-	-
Net loss	2,706,617	323,034	3,029,651
Included within segment results	2,706,617	323,034	3,029,651
Depreciation of segment assets			
Segment assets	140,274	-	140,274
Segment liabilities	26,592,019	4,143,660	30,735,679
2019	**$**	**$**	**$**
Revenue			
Revenue	-	-	-
Total segment revenue	-	-	-
Results			
Operating loss before income tax	4,717,955	833,014	5,550,969
Income tax expense	-	-	-
Net loss	4,717,955	833,014	5,550,969
Included within segment results	4,717,955	833,014	5,550,969
Depreciation of segment assets	-	-	-
Segment assets	230,027	14,363	244,390
Segment liabilities	21,062,699	6,664,550	27,727,248

NOTE 16: CONTROLLED ENTITIES

Subsidiaries of Indochine Mining Limited:	Country of Incorporation	Percentage Owned	
		2020	2019
Asia Pacific Gold and Copper Company Pty Ltd	Australia	**100%**	100%
Aries Mining Limited Pty Ltd	Australia	**100%**	100%
Summit Development Limited	Papua New Guinea	**100%**	100%
Positive Developments Limited	Papua New Guinea	**100%**	100%

NOTE 17: COMMITMENTS AND CONTINGENCIES

Legal Proceedings

On 27 April 2018, the PNG National Court, presided by Justice Nablu, delivered the judgement on the Judicial Review and upheld the Minister for Mining's decision. An application to appeal this decision was lodged with PNG Supreme Court on 10 July 2018. The appeal was heard on 26 February 2019 by a three judge bench of the PNG Supreme Court, comprising Justices Batari, Dingake and Mivir, with J.Batari as the Chairman of the bench. The PNG Supreme Court reserved its decision and the date of the decision is yet to be advised. Further, Summit Development Limited also lodged an application for a stay order over the PNG National Court's decision. The matter was heard by Justice Hartshorn on 16 July 2018 and the stay order was granted until the decision on the appeal is made by the PNG Supreme Court.

NOTE 18: SUBSEQUENT EVENTS

The following significant events have arisen since the end of the period:

Execution of Deed of Company Arrangement (DOCA)

The Deed of Company Arrangement (DOCA) was effectuated on 19 January 2021. As at this date the appointment of the Administrators ceased, and the Company returned to the control of the Directors. Th effectuation of the DOCA resulted in the Company recognising an amount of $3,036,815 as debt forgiveness in the 30 June 2020 financial report. This is treated as an adjusting subsequent event in that the DOCA effectuation confirmed the Company's present obligations at the end of the reporting period. The other aspects of the DOCA were considered on-adjusting events under AASB 110(22f) and will be accounted for in the 30 June 2021 financial report.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

NOTE 19: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Indochine Mining Limited

Level 2

41 – 43 Ord Street

West Perth, WA 6005

indochine

Indochine Mining Limited and Controlled Entities
ACN 141 677 385

Directors' Declaration

The Directors of the Company declare that:

a) The financial statements and notes, as set out on pages 13 to 42 are in accordance with the *Corporations Act 2001,* including:

i. complying with Accounting Standards, International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) as they apply on a non-going concern basis, the Corporation Regulations 2001 and other mandatory professional reporting requirements; and

Ii giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance, changes in equity and cash flow, for the financial year ended on that date to the extent circumstances outlined in Note 1(b) are taken into account.

b) i. The ongoing solvency of the Group is dependent on the successful completion and implementation of the Deed of Company of Company Arrangement (DOCA) as detailed in Note 1(a)

This declaration has been made after receiving the declaration required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

Without qualifying the above conclusion, the Directors draw attention to the basis of preparation of the financial reports set out in Note 1(a) Basis of Preparation.

On behalf of the Directors

Brian Rodan
Executive Director
Date: 10 June 2021

Indochine Mining Limited and Controlled Entities
ACN 141 677 385

Corporate Directory

Directors	Brian Rodan Jonathon Edwards Jonathon Busing Michael Sullivan (Summit Development Limited)
Company Secretary:	Sebastian Andre
Registered Office:	Level 2 41 – 43 Ord Street West Perth, WA 6005 Tel +61 8 6458 4200
Auditors:	Crowe Perth Level 5, 45 St Georges Terrace Perth WA 6000 Tel +61 8 9481 1448 Fax +61 8 9481 0152
Share Registry:	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000 Tel +61 2 8280 7100 Fax +61 8 9485 1977
Administrators	235 St George's Terrace Perth, WA 6000 Tel +61 8 9481 1448 Fax +61 8 9481 0152
Internet:	www.indochinemining.com

Companies in the Economic Entity

Indochine Mining Limited	ACN 141 677 385
Asia Pacific Gold and Copper Company Pty Limited	ACN 127 948 958
Aries Mining Pty Limited	ACN 112 236 114
Summit Development Limited	PNG company number 1-73895
Positive Development Limited	PNG company number 1-74916