

Quarterly Activities Report - For Quarter Ended 30 September 2015

Company Announcements Office
3 November 2015



Background

Indochine Mining (Subject to Deed of Company Arrangement) (ASX and POMSoX: IDC, the Company) is pleased to provide the following update:

Highlights

- On 17 August 2015 the Company completed the court-ordered mediation process at Mt Kare with all Mt Kare landowners identified in the Landowner Investigation Report (**LIR**) signing a Landowners Agreement in the presence of the mediators, including Justice Kandakasi of the PNG National Court of Justice. This is the first Agreement signed by all Mt Kare landowners since the original gold rush began at Mt Kare in 1986.
- A Notice of Appeal filed by Mr Stephen Promnitz against a judgement made by Justice Foster of the Federal Court of Australia on 17 August 2015 has been dismissed and the appeal process is now at an end.
- The proponent of the Deed of Company Arrangement (**DOCA**), Kandahar Holdings Pty Ltd, extended the date for the satisfaction of the conditions precedent in the DOCA from 30 September 2015 to 30 November 2015 to allow Kandahar further time to complete the DOCA.
- The Secured Creditor confirmed its continuing support for the Company by agreeing to renegotiate and extend the loan facility to provide ongoing funding to maintain exploration licence EL1093 (**EL1093**) (subject to Application for Renewal) and the infrastructure at Mt Kare in good standing.
- Landowner groups continued to evidence their strong support for Summit Development Limited (**Summit**), the Company's 100% owned subsidiary in PNG which has applied for the extension of EL1093.
- PCF Capital Group Pty Ltd (PCF) has been appointed by the Company to advise and assist the directors in completing the necessary funding to enable Indochine to undertake and complete the proposed work program under the licence renewal application for EL1093.
- Crowe Horwath was engaged to complete the audit of financial statements.
- Legal advisers have been appointed by Indochine to prepare the Notice of Meeting for the upcoming Shareholders Meeting to consider and approve the restructure of the Company's capital structure.
- Indochine has commenced discussions with relevant parties such that once the Company has complied with its statutory obligations and satisfied (or waived) the Conditions Precedent under the DOCA that it can proceed to fully effectuate the DOCA, prior to seeking to recapitalise and relist Indochine on the Australian Securities Exchange (**ASX**).



ASX & POMSoX :IDC

Administrators of the Deed of Company Arrangement

Martin Jones
Darren Weaver

Company Directors

Dermott McVeigh
Chairman
Craig Dawson
Non-Executive Director
Keith Murray
Non-Executive Director

Management

George Niumataiwalu
PNG Country Manager
Anthony W Burgess
Technical Geological Consultant
Ashok Jairath
Chief Financial Officer & Coy Sec

Major Shareholders

Rodan Group	10.2%
Ruffer LLP	5.9%
Capital Group	5.4%
Genesis Asset Mgmt.	4.8%

Corporate

Market Cap (16/3/15) ~\$8.2M
Shares Issued 1,363M

Corporate Address

C/- Ferrier Hodgson
Level 28, 108 St Georges Tce
Perth WA 6000 Australia

info@indochinemining.com
www.indochinemining.com

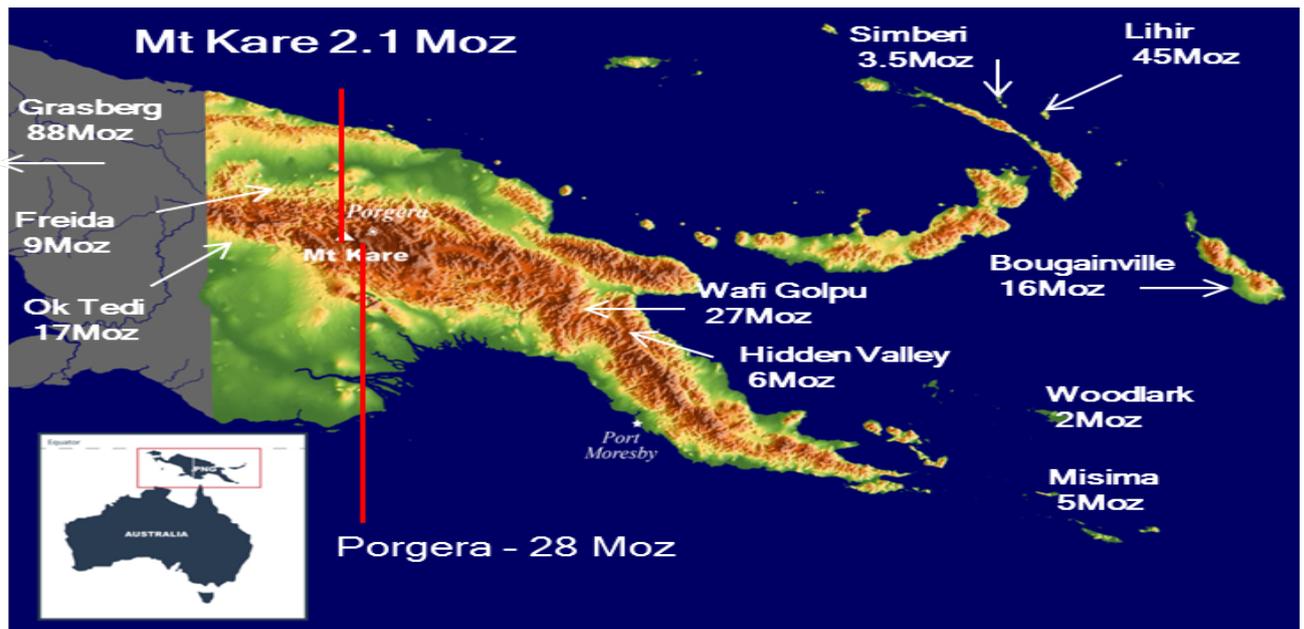
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Background: Mt Kare Gold Silver Project in PNG

Discovered by CRA in 1986, Mt Kare is a high grade epithermal gold / silver advanced exploration prospect. Epithermal refers to veins of gold and silver originally formed deep within the Earth's crust and transported by ascending hot solutions.

Mt Kare is located 15km southwest of the Porgera Gold Mine in the Enga Province of PNG. The Project comprises one exploration licence EL1093 which covers an area of 220km² within the central New Guinea Mobile Belt, host to some of the world's largest gold / copper deposits.

Figure 1: Location Map



The overall JORC (2004) mineral resource, including high grade zones, is 42.5M tonnes @ 1.5 g/t Au and 13.5 g/t Ag for 2.11Moz Au and 18.4Moz Ag. Significant high grades have been intersected in drilling at Mt Kare, including:

- 49m @ 22.3g/t Au from 63 metres
- 21m @ 13.6 g/t Au from 61 metres
- 14m @ 20.4 g/t Au from 0 metres
- 38m @ 20.8 g/t Au from 78 metres
- 18m @ 100.3 g/t Au from 59 metres

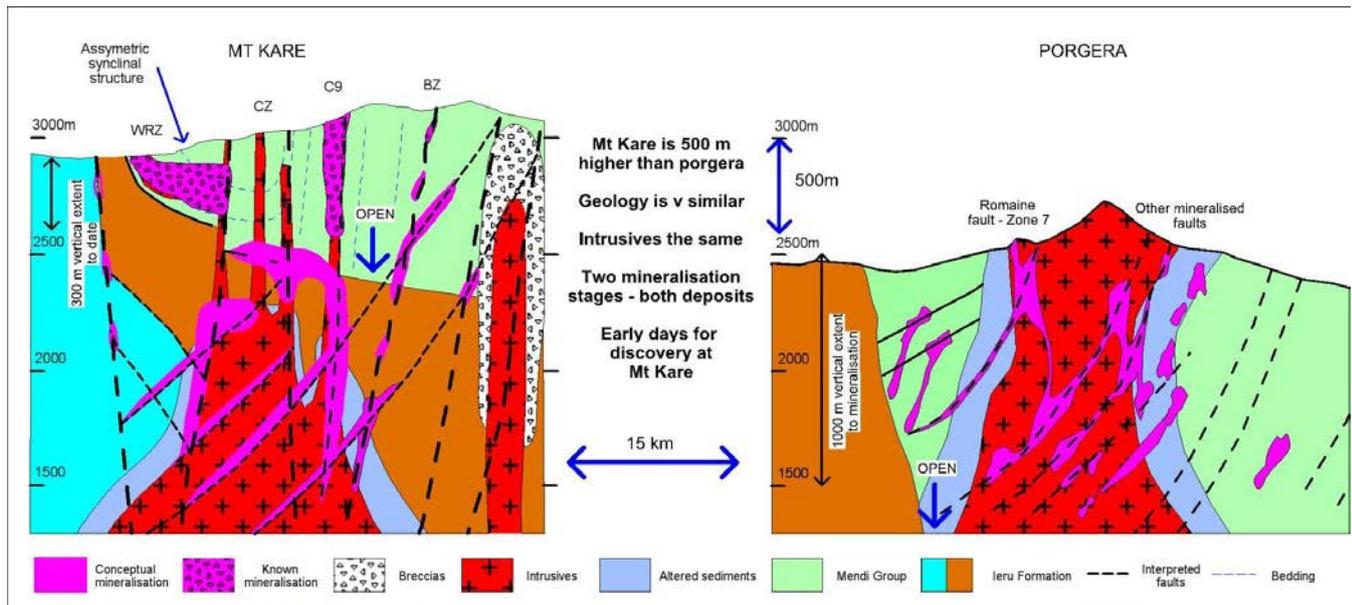
The geology at Mt Kare mirrors that of the nearby 28Moz Porgera Gold Mine. The Company considers the comparison with Porgera at Figure 2 relevant because (1) Mt Kare is an epithermal deposit that is located on the same Transfer Structure as the Porgera mineralisation; and (2) Mt Kare has only been drilled to 350 metres; however, it sits 500 metres higher than Porgera with most of the overlying geological structure still intact unlike Porgera; inferring a possible deep-seated system..

The work program proposed by the Company in its Application for the Renewal of EL1093 comprises the preparatory work for completion of a Definitive Feasibility Study and includes deep drilling from surface to identify the main intrusive body with its associated Zone 7 type orebody/ies. Once that intrusive body is located and identified then construction of an exploration adit is to commence to enable an extensive diamond drilling program to define the resource.

The exploration program will target deeper structures highlighted in the following comparison:

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Figure 2: Geology Comparison – Mt Kare v Porgera



Voluntary Administration/ Deed of Company Arrangement

The directors of Indochine resolved to appoint Voluntary Administrators to Indochine on 27 March 2015 with the intention that DOCA to be put to Indochine's creditors to restructure the Company's debts. The DOCA was approved by creditors on 13 May 2015 and the Voluntary Administrators became the Deed Administrators on 4 June 2015.

Since 27 March 2015 all the funding required by the Administrators to maintain EL1093 and the infrastructure at Mt Kare in good standing has been provided by the Secured Creditor.

Summit Development Limited (**Summit**), the Company's 100% owned subsidiary in PNG which holds EL1093 is not subject to Administration.

Creditors of Summit are therefore not subject to the debt restructure and, as advised to creditors on 1 September 2015, it remains Indochine's intention to adequately fund Summit such that all of its creditors receive repayment in full for their outstanding debts, subject to confirmation that EL1093 has been renewed which will provide certainty for funding of the Project to be completed.

Secured Loan Facility

The Deed Administrator, Summit and the Secured Creditor signed a Deed of Variation to the original Loan Agreement **!**

The purpose of the variation is to increase the facility limit to provide funding to maintain EL1093 and the infrastructure at Mt Kare in good standing pending completion of overall funding arrangement now underway.

The variation evidences the Secured Creditors continuing support for Indochine.

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Figure 3: Camp Infrastructure at Mt Kare maintained in good standing



Funding provided by the Secured Creditor to date has enabled the Company to:

- Maintain EL1093 and infrastructure at Mt Kare in good standing
- Defend and resolve the various legal issues confronting the Company in PNG and Australia
- Complete Warden's Hearing at Mt Kare
- Complete the Mediation Hearing at Mt Kare from 18 to 20 July 2015 and reconvened at Mt Kare on 17 August 2015
- Payment of the Company's insurances and statutory obligations, including ASX Listing Fees
- Appointment of Crowe Horwath to audit the financial statements
- Engaging with lawyers to effectuate the DOCA

Legal Proceedings in Australia

Pursuant to the announcement dated 19 August 2015, the Company advises that Mr Stephen Promnitz filed a Notice of Appeal on 4 September 2015 against the judgement made by Justice Foster of the Federal Court of Australia on 17 August 2015. The appeal, which was scheduled to be heard on 19 October 2015, has been dismissed and the appeal process is now at an end

Licence Renewal: PNG

Completion of a Landowner Investigation Study (LIS) was a condition of the 2012 – 2014 Licence renewal approved by the Minister for Mining. The LIS is a full scale social mapping study, the primary objective of which is to properly identify legitimate landowning clans as required by social mapping and customary criteria to ensure the benefits derived from the future development of Mt Kare are distributed fairly amongst the identified landowner clans.

The LIS is a precursor to the Landowner Investigation Report (LIR). The LIR was prepared by consultants engaged by Summit to fulfil Summit's statutory obligations, primarily under the PNG Land Act (1996) and Sections of the Mining Act (1992) regarding compensation for occupation and disruption of the land.

The LIR dated October 2014 was submitted to the Lands Department for registration; however, registration could not proceed due to various injunctions received by the Company.

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This included an injunction received in December 2014 preventing the Wardens Hearing from being held at Mt Kare. The Wardens Hearing was pivotal to the renewal of Indochine's exploration licence.

In February 2015 Indochine advised that the PNG National Court of Justice had discharged the injunction, enabling the Company to proceed with the Wardens Hearing. This was successfully completed at Mt Kare on 6 May 2015.

The PNG National Court of Justice also ordered Indochine to convene a mediation process at Mt Kare.

The mediation involved all parties named in the injunction application, lodged against the Company, seeking relief from the changes to the weighting of rights of various landowner clans or sub clans in some areas covered by the LIS.

The mediation was successfully conducted at Mt Kare between 18 July and 20 July 2015 in the presence of:

- Justice Kandakasi of the PNG National Court of Justice, Deputy Magistrate Mark Pupaka and the appointed mediator, Mr Craig Jones.
- Plaintiffs and their lawyers
- Defendants and their lawyers
- All Landowner clans identified in the Landowner Investigation Report (LIR).

Figure 4: The Warden's Hearing at Mt Kare



The parties re-convened at Mt Kare on 17 August 2015 to complete the vetting of all clan members identified in the LIR. The mediation was successfully completed at Mt Kare on 17 August 2015 with all clans signing the Agreement in the presence of the Mediators.

This now enables registration of the LIR with the Lands Department under the Lands Act, thus resolving the complex landowner issues at Mt Kare that is crucial to the conveyance of these customary lands into a Mining Lease should this be warranted.

Extension of Deed of Company Arrangement

The Deed Administrators have, as requested by DOCA proponent Kandahar Holdings Pty Ltd (**Kandahar**), extended the conditions precedent in the DOCA from 30 September 2015 to 30 November 2015 to allow Kandahar further time to complete the DOCA. The extension is pursuant to Clause 10 of the DOCA, under which Kandahar, at its discretion, can extend the deadline.

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Appointment of Corporate Adviser: Mt Kare Gold / Silver Project

PCF Capital Group Pty Ltd (**PCF**) has been appointed by the Company to advise and assist the directors in completing the necessary funding to enable Indochine to undertake and complete the proposed work program under the licence renewal application for EL1093.

PCF and its principals have a long history of transactions in PNG, with some of their major transactions including:

Kainantu Gold Project – Barrick Gold: In 2014 PCF was appointed by Barrick Gold to find a buyer for the Kainantu Gold Project. PCF assisted with the negotiation of a sale transaction with Otterburn Resources Corp for a total of US\$62.0M.

Tolukuma Gold Project – DRD Gold Limited: In 2004 PCF arranged US\$5.0M in Project Finance to for DRD Gold Limited for the development of the Tolukuma Gold Project.

Morobe Gold Project: In 1999 PCF worked with the Administrators of Australian Gold Fields Ltd and found partners for the Morobe Gold Project. The partners were the Commonwealth Development Corporation and Aurora Gold Ltd who then sold the project to Abelle Limited which in turn sold it to Harmony Gold Limited, the current JV partner with Newcrest Gold.

Completion of the DOCA and removal of the Deed Administrators

The DOCA will be effectuated, and the Deed Administrators will be removed from office following the satisfaction of the conditions precedent under the DOCA and the payment of the Second Loan Payment (as defined in the DOCA) by Kandahar to the Deed Administrators.

Importantly, on completion pursuant to the DOCA:

- control of the Company will return to its directors; and
- the claims of all creditors against the Company (with the exception of the Secured Creditor's claim, which will survive) will be released and discharged and will become claims against a Creditors' Trust. That compromise of claims represents the primary goal of the DOCA process and will be integral to the Company moving forward with funding the Mt. Kare Project.

The remaining conditions precedent under the DOCA are that:

1. the Company's shareholders pass resolutions consolidating the Company's shareholding, cancelling existing options and issuing the relevant shares and options to Kandahar or its nominee in accordance with clause 12.1 of the DOCA;
2. the Deed Administrators provide Kandahar with confirmation from the ASX that the Company will not be required to comply with Chapters 1 and 2 of the Listing Rules in order to give effect to its restructure; and
3. Kandahar provides the Administrators with written notice that Summit's interest in the Mt Kare Project has been preserved on terms and conditions which are acceptable to Kandahar.

As noted above, Kandahar extended the date for the satisfaction of the conditions precedent from 30 September 2015 to 30 November 2015 and Kandahar is continuing to work with the Company and the Deed Administrators to satisfy those conditions and complete the DOCA.

With a view to satisfying the first of the two conditions referred to above, Kandahar, the Company and the Deed Administrators have appointed Crowe Horwath to audit the financial statements of Indochine and legal advisers have been appointed to:

- Prepare and issue the notice of meeting to shareholders (and related matters); and
- Engage with the ASX in relation to the condition pertaining to Chapters 1 and 2 of the Listing Rules.

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It should also be noted that, pursuant to the terms of the DOCA, Kandahar has discretion to waive any of the three remaining conditions precedent referred to above. The Company will continue to keep the market informed in relation to any developments in this regard.

Cash and Shares on Issue

The cash position was \$413,000 at 30 September 2015 (refer to Appendix 5B). The issued capital is 1,363,855,013 fully paid ordinary shares as at 30 September 2015.

Martin Jones

Deed Administrator

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

INDOCHINE MINING LIMITED

ABN

16 141 677 385

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(518)	(518)
(b) development	-	-
(c) production	-	-
(d) administration	(95)	(95)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(613)	(613)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(613)	(613)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(613)	(613)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings*	748	748
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	Net financing cash flows	748	748
	Net increase (decrease) in cash held	135	135
1.20	Cash at beginning of quarter/year to date	286	286
1.21	Exchange rate adjustments to item 1.20	(8)	(8)
1.22	Cash at end of quarter	413	413

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

* Includes draw down of secured loan of \$748,000 during the quarter from the facility provided to the Voluntary Administrator.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Secured Loan facility – pre DOCA*	3,784	3,784
3.2 Secured Loan facility – Voluntary Administrator**	2,000	1,335
3.3 Credit standby arrangements		

*On 30 January 2015, the secured loan facility available was increased to \$3,750,000 in aggregate and repayment term extended to 30 April 2015. This facility is now frozen and the amounts available and used are inclusive of accrued interest and facility restructuring fees to 30.09.15

**A secured loan facility of \$2,000,000 has been provided to the Voluntary Administrator. Of this, \$1,335,000 has been utilised inclusive of accrued interest.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	610
4.2 Development	
4.3 Production	
4.4 Administration	90
Total	700

The Company is reviewing its near term capital raising options together with seeking joint venture participation in the Mt Kare Project. Discussions with interested parties are ongoing. The timing of future expenditure is dependent on utilising existing cash and financing facilities currently available to the Company and the progression of financing discussions.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	413	261
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	413	261

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	1,363,855,013	1,363,855,013	n/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities <i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (<i>description and conversion factor</i>)			Exercise price	<i>Expiry date</i>
		4,000,000		\$0.20	30/12/15
		42,136,826		\$0.085	03/09/16
		55,335,000		\$0.070	28/11/16
7.9	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance options (<i>description</i>)	14,050,000		nil	16/01/18
		16,500,000		nil	31/03/19
7.12	Issued during quarter				
7.13	Exercised during quarter				
7.14	Expired during quarter				
7.15	Debentures (<i>totals only</i>)				
7.16	Unsecured notes (<i>totals only</i>)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ***Ashok Jairath***
(Company Secretary)

Date: 3 November 2015

Print name: Ashok Jairath

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Disclosure Required Under Listing Rule 5.3.3 for the Quarter Ended 30 September 2015

3 November 2015

Company Announcements Office
Australian Securities Exchange

Pursuant to listing rule 5.3.3, Indochine Mining Limited provides the following information:

- 1) Mining Tenements held at the end of quarter:

Country	Tenement	Number of Tenement	Interest
Papua New Guinea*	EL 1093	1	100%

*Currently under renewal

Please note that under the PNG Mining Act 1992 section 112, an exploration tenement license continues to be in force until the renewal application has been determined.

- 2) Mining tenements acquired or disposed during the quarter and their location: None
- 3) The beneficial percentage interests held in farm – in or farm – out agreements at the end of the quarter: None
- 4) The beneficial percentage interests in farm – in or farm – out agreements acquired or disposed during the quarter: None

Ashok Jairath
Company Secretary