



Indochine Mining Limited (Administrators Appointed)

ACN 141 677 385

Report by Administrators Pursuant to Section 439A of the Corporations Act

4 May 2015

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Statement by Administrators

In reviewing this Report, creditors should note:

- This Report is based upon our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Second Meeting.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meeting (except where otherwise stated).
- In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and consequently the outcome for creditors might differ from the information provided in this Report.
- Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

1 Executive summary

1.1 Appointment

We, Martin Jones, Darren Weaver and Ben Johnson were appointed as joint and several Administrators of the Company on 27 March 2013 by the Directors under Section 436A of the Act.

1.2 Conduct of administration

On appointment, the Administrators assumed control of the Company's operations and notified employees, creditors and other stakeholders of their appointment. The Administrators then conducted an urgent financial and commercial review of the Company with the assistance of key personnel and communications with key stakeholders including suppliers.

1.3 Purpose of report

The purpose of this Report is to table the findings of our investigations of the Company's business, property, affairs and financial circumstances, as well as our opinion on the three options available to creditors in deciding the future of the Company at the Second Meeting.

1.4 Administrators' recommendation

Kandahar Holdings Pty Ltd has proposed a DOCA which is likely to provide a better return to creditors than an immediate winding up of Indochine because:

- The likelihood and quantum of any returns from the Company's loans in the subsidiaries are estimated at nil given the lack of realisable assets held or the limited realisations taking into account the debts owed by the subsidiary company and also to the secured creditor;
- The DOCA deals with and removes the secured creditor's debt which would otherwise consume any surplus assets realised following payment to priority creditors. The secured creditor has given its support for the DOCA proposal;
- The potential future economic benefit creditors may receive should the Company continue to trade, although the DOCA may not pay employee entitlements in full and may not provide any return to the ordinary unsecured creditors;
- The DOCA provides for funds totalling \$500,000 to be made available for the benefit of creditors; and
- Members receive an opportunity to participate in the future opportunities which may come from the Mt Kare project and to consider approving a share reconstruction. Pending creditor consideration of the DOCA, the secured creditor has undertaken to fund the Mt Kare tenement renewal program for May 2015.
- We note that SDL creditors are excluded from the DOCA and, accordingly, are not bound by its terms.

- We also note that the Secured Creditor 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
- We understand that if the DOCA is approved, the secured creditor will continue funding operations in PNG with a view to a successful renewal of the exploration tenement EL1093 and as a consequence of the renewal, negotiate repayment terms with creditors owed money by SDL.

Accordingly, it is our recommendation to creditors that the DOCA proposed be approved by creditors at the forthcoming Second Meeting.

1.5 Company's Assets

The Company secured an option over the Mt Kare gold project in late 2010 following discussions with the soon to be acquired subsidiary, SDL. The Company finally acquired the Mt Kare project in PNG in 2011 through the acquisition of SDL and following shareholder approval on 1 June 2011. The Mt Kare gold project is located 15 kilometres south-west of Porgera gold mine in the highlands of PNG.

During September 2014, the Company circulated the completed Landowner Investigation Study to the nominated clan agents for execution prior to attempting to register the report with the MRA in order to renew the tenement. Subsequently, an injunction was taken out to prohibit the lodgement of the report once signed (and subsequently defer the renewal of the tenement) on the grounds that, amongst others, the Company had not met the conditions of the exploration licence.

The rescheduled Warden's Hearing (to determine if Mt Kare lease renewed) is due to be held on 6 May 2015 and preparations are underway to proceed to same.

The Company also is in the midst of preparing for the Mediation Hearing scheduled for 25 – 29 May 2015 whereby landowner groups disenfranchised will have the opportunity to have their case heard before the National Court.

For ease of reference, tabled below is a consolidated corporate structure of the Company with its operating subsidiary SDL. Please refer to section 3.2 for the full corporate structure with the Company's seven (7) subsidiaries.



1.6 Second Meeting

Details of the Second Meeting are as follows:

Second Meeting	Details
Date	13 May 2015
Registration	10.30am (WST)
Meeting time	11.00am (WST)
Location	Ferrier Hodgson, Level 28, 108 St Georges Tce, Perth WA 6000

There will also be a video conference link from the primary venue to the offices of Ferrier Hodgson, Level 13, Grosvenor Place, 225 George Street, Sydney, New South Wales at 1.00pm (AEST).

Creditors who wish to participate in the Second Meeting must complete and submit the following forms to this office by **4:00pm on 12 May 2015**.

Form	Comments
Appointment of proxy (form 532)	Corporate creditors must appoint an individual to act on its behalf. Individuals voting in person are not required to complete this form but must complete this form if a representative is appointed to vote on their behalf. Proxy forms submitted for the First Meeting are not valid for the Second Meeting. A new proxy form must be submitted.
Proof of debt (form 535)	Creditors must submit documentation to support the amount they have claimed (i.e. unpaid invoices, payslips). Creditors who have already submitted a proof of debt are not required to resubmit a proof of debt form unless the amount claimed has changed.

At the Second Meeting, creditors will decide the Company's future in voting on one of the following options:

- That the Company execute a DOCA; **or**
- That the Company should be wound up; **or**
- That the administration should end and control of the Company reverts to its directors.

1.7 Summary of investigations

During the course of the Administration, we have made preliminary enquiries into the Company's affairs and the various transactions the Company has entered into, however any future appointed liquidator would be required to conduct a more comprehensive investigation and consider action in respect of recoveries (if any). From our preliminary investigations, we have concluded that:

- The Company may have been insolvent from as early as May 2014 however we do not consider that there is an insolvent trading claim against the directors as the Company was able to negotiate further funding from the Secured Creditor and extend the terms of the debt.
- The Company incurred significant costs on landowner investigations beyond initial expectations and experienced significant delays in obtaining advice as to the renewal of the Mt Kare tenement held by SDL.

The investigations undertaken to date in the Administration are detailed at section 9 of this report.

1.8 Return to creditors

Under the proposed DOCA, creditors are expected to receive the following dividends:

Creditors	Estimated dividend rate (cents in the \$)
Class A Creditors – Employees	15.71 cents
Class B Creditors – Ordinary Unsecured Creditors	Nil

The above dividend rates are estimates only. The final rate will be dependent on a number of factors. Creditors should note that we have not taken into consideration employees claims with FEG given:

- The Company made partial advances of wages to employees in the period prior to our appointment which may exclude that claimant from the FEG scheme; and
- FEG will only respond to claims from terminated employees where the entitlement arose within 6 months of the date of appointment.

Please refer to section 8 for further information.

As to the Secured Creditor's interest, it is intended that this debt will be satisfied either through the capital raising process or from ongoing trading in SDL.

In a liquidation scenario, the funds received from the sale of the Company's assets will be applied to the Secured Creditor, Aude Holdings Pty Ltd as trustees for Lastours Investment Trust. As the proceeds are estimated to be insufficient to discharge the debt in full (particularly having regard to the circa \$6M estimated owing to SDL creditors), there will be no funds available to priority or unsecured creditors of Indochine (as the parent company).

If the Company is placed into liquidation at the Second Meeting, priority creditors may be able to recover their outstanding entitlements (excluding unpaid superannuation) through FEG. Please refer to section 10 for further information.

We estimate that the dividends payable to each class of creditor are as follows:

Class of creditor	Estimated dividend (cents in the \$)	rate	Estimated payment date
Preferred	Nil		N/A
Unsecured	Nil		N/A

Please refer to section 10 for further information.

2 Introduction

2.1 Purpose of appointment and this report

The purpose underlying an administrator's appointment is to allow for independent control and investigation of an insolvent company's affairs. During the administration period, creditors' claims are put on hold.

We are required to provide creditors with information and recommendations in relation to the three options available to creditors in deciding upon the Company's future.

The three options available are:

- The Company be placed into liquidation; **or**
- The Company execute a DOCA; **or**
- The Administration to end and control of the Company reverts back to its directors.

In the available time, we have undertaken the investigations detailed in section 9 of this report. These investigations have enabled us to form an opinion about the Company's future. Our opinion is set out in section 11 of this report.

2.2 Basis of report

This report has been prepared primarily from information obtained from the Company's books and records. Although the Administrators have conducted certain investigations of the affairs of the Company, there may be matters which we are unaware of as an audit of the Company has not been undertaken.

In order to complete our report, we have utilised information from:

- The ASIC;
- The PPSR;
- The Company's book and records;
- Discussions with the Directors of the Company;
- Discussions with current and past employees of the Company;
- Discussions with the Secured Creditor of the Company;
- Discussions with unsecured creditors and other stakeholders of the Company; and
- Other public databases.

2.3 Declaration of independence, relevant relationships and indemnities

We have undertaken a proper assessment of the risk to our independence prior to accepting our appointment as Joint and Several Voluntary Administrators of the Company. This

assessment identified no real or potential risks to our independence. We were not aware of any reasons that would prevent us from accepting the appointment.

We have also provided a Declaration of Independence, Relevant Relationships and Indemnities to creditors with our first circular to creditors dated 30 March 2015 and also tabled the declaration at the First Meeting on 10 April 2015.

Since that time, the Administrators entered into a limited recourse loan with the secured lender in order to receive funding to continue proceeding with the Warden's Hearing with a view to preserving the Company's assets. An updated DIRRI is tabled at **Annexure C**.

2.4 First Meeting and Committee of Creditors

Creditors attended a first meeting of creditors at the offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA on 10 April 2015. At that meeting, creditors ratified our appointment as Administrators of the Company and elected the following creditors to a Committee of Creditors:

COC member	Representative
Stephen Promnitz	Stephen Promnitz
Robert Coghill	Paul Menere
Board of Directors - Indochine Mining Ltd	Dermott McVeigh
AMC Consultants Pty Ltd	Lawrie Gillett

The COC members represent the major creditors in the Administration and each member of the COC has executed an undertaking as to confidentiality.

2.5 Second Meeting

Pursuant to Section 439A of the Act, the Second Meeting is convened for **Wednesday, 13 May 2015** and will be held **at the offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace at 11:00am WST** with a secondary venue via video conference link from the primary venue to the offices of Ferrier Hodgson, Level 13, Grosvenor Place, 225 George Street, Sydney, New South Wales at 1.00pm (AEST).

At the Second Meeting, creditors will decide the Company's future by voting on one of the following options:

- That the Company execute a DOCA; or
- That the administration should end and control of the Company revert to its directors; or
- That the Company should be wound up.

Creditors also have the opportunity to adjourn the Second Meeting for up to a period of 45 business days to enable further investigations to be undertaken.

2.6 Remuneration

At the Second Meeting, we will be seeking approval for our remuneration for the Company as follows:

Period	Amount (ex GST) \$
Voluntary administration	
Resolution 1: 27 March 2015 to 30 April 2015	109,930
Resolution 2: 1 May 2015 to 13 May 2015	45,000
Resolution 3: 13 May 2015 to execution of DOCA (if applicable)	25,000
Total – voluntary administration	179,930
Deed of company arrangement (DOCA) and Creditors' Trust (if applicable)	
Resolution 4: Execution of DOCA to wholly effectuation/termination	125,000
Resolution 5: Wholly effectuation of DOCA to finalisation of Creditors' Trust	75,000
Total – deed of company arrangement (if applicable)	200,000
Liquidation (if applicable)	
Resolution 6: 13 May 2015 to finalisation of Liquidation	150,000
Total – liquidation (if applicable)	150,000

Please refer to our Remuneration Approval Request Report at **Annexure B** for details of the key tasks undertaken throughout the course of the administration along with a summary of the receipts and payments to date.

2.7 Non-disclosure of certain information

There are sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- Valuations of specific assets
- Valuation of the business
- Details of offers received during the sale process
- Commercially sensitive prospective financial information (for example, projections / forecasts)

We recognise the need to provide creditors with complete disclosure of all necessary information relating to the Company. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage. Where necessary in this Report, we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

3 Company information

3.1 Statutory information

3.1.1 Incorporation date and registered office

The Company was incorporated on 27 January 2010. The Company's registered office and principal place of business is listed as Unit 3, 448 Roberts Road, Subiaco, WA 6008.

3.1.2 Company officers

The Company's officers over the past 12 months were:

Name	Office held	Date appointed	Date ceased
Craig Dawson	Director	18 Feb 2014	Current
Dermott McVeigh	Director	31 July 2014	Current
Keith Murray	Director	20 October 2014	Current
Ashok Jairath	Company Secretary	28 August 2014	Current
Kevin Hart	Company Secretary	20 October 2014	30 March 2015
Gavin Farley	Director	27 January 2010	30 October 2014
Hugh Thomas	Director	11 April 2014	30 July 2014
Robert Thomson	Director	13 May 2014	30 July 2014
Michael Leggo	Director	19 April 2013	13 May 2014
Ian Ross	Director	27 January 2010	17 April 2014

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that the Company's directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

3.1.3 Shareholders

As the Company is an ASX-listed entity, its share register is managed by Link Market Services. At the time of writing, we have not been provided a copy of the share register due to outstanding pre-appointment debts which we do not intend on meeting due to limited available funds.

3.1.4 Registered security interests

Under the new PPSA legislation that took effect on 30 January 2012, security over property (except land and certain other asset categories) must be registered as a security interest on the PPSR.

Briefly, the concept of fixed and floating charges was replaced under the PPSA by "security interests over non-circulating assets" and "security interests over circulating assets" respectively. In the case of inventory, title to any inventory will require registration as a PMSI on the PPSR. A PMSI is similar to a ROT provision in terms of trade.

Unless a supplier (including a ROT supplier) registers a PMSI as a security interest on the PPSR, the goods under the ROT clause may become property of the Company and amount to a windfall to the Company and its creditors.

The PPSR discloses that 3 parties hold registered security interest on the PPSR. We understand that the majority of the security interests relate to leased equipment. Details of the security interest holders are set out below:

Security interest holder	Date created	Type of security	Amount \$
The Trustee for Lastours Investment Trust	10 Feb 2014	All Present and after acquired property	
Australian Contract Mining Pty Ltd	20 Oct 2014	Motor Vehicles	
Australian Contract Mining Pty Ltd	21 Jan 2015	Motor Vehicles	
Sea Containers WA Pty Ltd	26 Nov 2013	Other Goods	

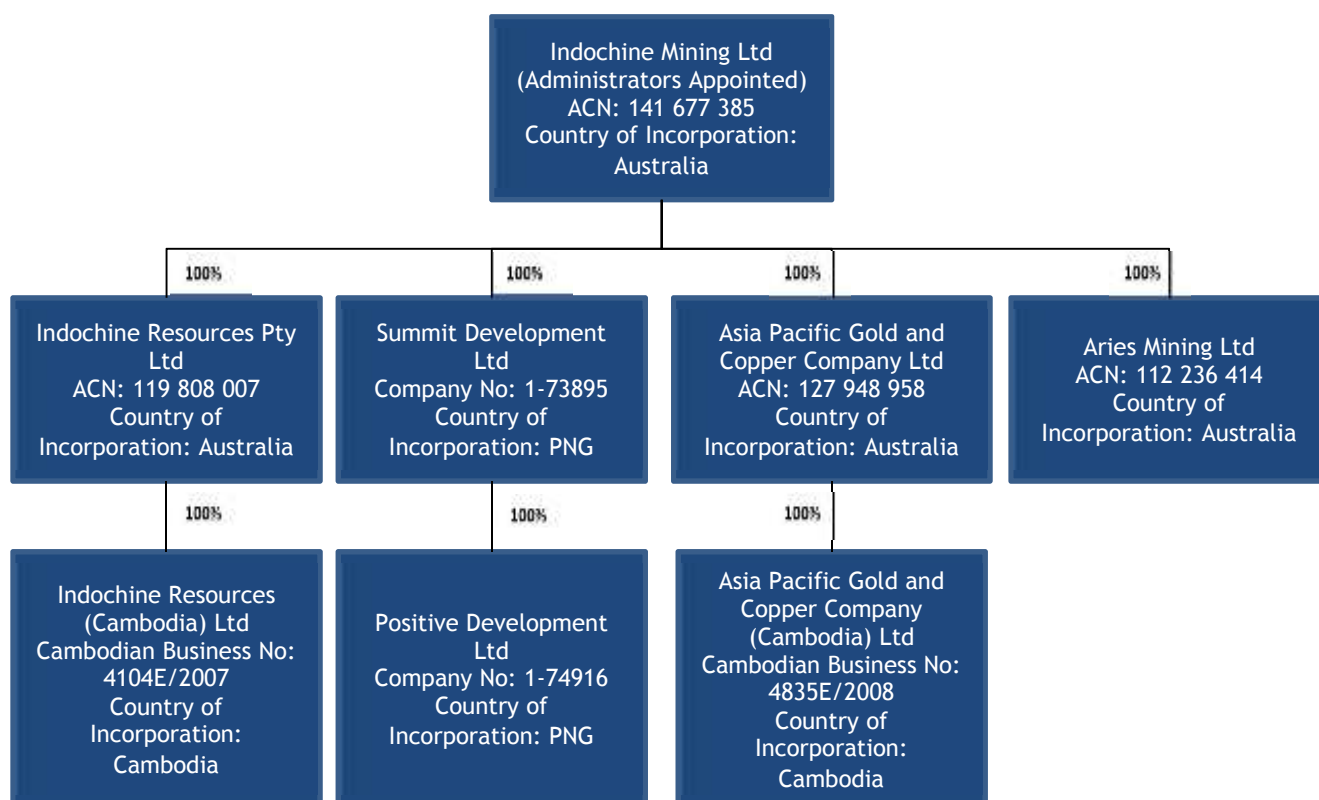
3.1.5 Winding up applications

At the date of our appointment, there was no outstanding winding up application against the Company. The Directors have also confirmed that there are no statutory demands made by any creditors to the Company.

3.2 Company history

The Company was established on 27 January 2010 to oversee the operations of other members of the group.

Illustrated below is the corporate structure of the Company and its subsidiaries.



The group's business operations were originally primarily conducted in Phnom Penh and involved exploring for viable mineral deposits in Cambodia at the Kratie Project and Ratanakiri Project. Approximately 15 licences were issued to the group for these two (2) projects which we understand have since lapsed.

The Company secured an option over the Mt Kare gold project in late 2010 following discussions with the soon to be acquired subsidiary, SDL. The Company finally acquired the Mt Kare project in PNG in 2011 through the acquisition of SDL and following shareholder approval on 1 June 2011. The Mt Kare gold project is located 15 kilometres south-west of Porgera gold mine in the highlands of PNG.

3.3 Decision to appoint Administrators

Date	Event
27 Jan 2010	Company Incorporated.
7 July 2013	Cambodian exploration licenses expired
28 August 2014	Mt Kare Gold Project Due for renewal, however tenement continues in force until the renewal application has been determined.
10 September 2014	Officially advised that 12 Cambodian tenements in the Ratanakiri Province that were under application for renewal were not to be extended.
September 2014	Landowner Investigation Study (LIS) registered with PNG Mineral Resource Authority (MRA). This is required by PNG law to renew mining leases.
10 December 2014	Warden's Hearing (to decide if Mt Kare lease renewed) was due to be heard. However the Company's wholly owned subsidiary and owner of the Mt Kare lease, SDL, was served with several injunctions regarding the LIS to restrain the Minister for Lands from registering the LIR and renewing the Mt Kare Lease.
30 January 2015	Entered into agreement to extend secured loan to 30 April 2015 and enter into potential debt-equity swap.
25 March 2015	Directors engage with secured lender as to the possibility for future funding.
26 March 2015	Secured creditor withdrew funding support
27 March 2015	Company enters Voluntary Administration.

In view of the withdrawal of funding support from the Secured Creditor on 26 March 2015 and the lack of funding alternatives available, the Directors formed the view that the Company was likely to become insolvent and resolved to appoint Administrators to the Company.

On Friday, 27 March 2015, Martin Jones, Darren Weaver and Ben Johnson were appointed as Joint and Several Administrators of the Company.

4 Historical financial position

Key comments

- **No income producing assets**
- **Expenses almost entirely funded via equity raisings**
- **Large impairment on mine value due to drop in gold price, market conditions and going concern issues.**

4.1 Books and records

Section 286 of the Act requires a company to keep written financial records that correctly record and explain the company's transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

The failure to maintain books and records in accordance with Section 286 provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

The Company kept its own accounting records internally and prepared its own financial reports, which were then audited. These accounting records have been made available to the Administrators.

The officers of the Company have made available the books and records, and relevant financial reports. Based upon our review of the books and records received, we are of the opinion that the Company kept adequate books and records and that they were maintained in accordance with section 286 of the Act.

4.2 Preparation of financial statements

The Company also kept its financials updated through the use of accounting software. We have used information from this software in the preparation of this report.

The Company's financial statements were prepared up to 31 December 2014. RSM Bird Cameron audited the financial statements up to the year ended 30 June 2014. Thereafter, Crowe Howarth were engaged as the Company's auditors. The audit was near complete in respect to the half year report to 31 December 2014 but was not released to the market as at the date of appointment.

4.3 Profit and loss statement and preliminary analysis

Set out below is a summary of the Company's profit and loss statements for the past three (3) financial years and for the period to 31 December 2014 together with our preliminary analysis. For completeness, we note that the half year to 31 December 2014 figures are unaudited.

Profit and Loss Statement	FY ending 30 June 2012	FY ending 30 June 2013	FY ending 30 June 2014	Half Year ending 31 Dec 2014
Other Income	658,536	108,564	45,014	8,000
Expenses				
Professional Fees	(96,335)	(186,935)	(181,311)	(506,000)
Insurance	(133,263)	(10,714)	(36,638)	(32,000)
Employee benefits	(816,114)	(876,832)	(935,881)	(356,000)
Share-based payment	0	(70,875)	(119,776)	(540,000)
Depreciation and amortisation	(84,961)	(79,812)	(191,409)	(9,000)
Travel	(175,372)	(184,275)	(117,486)	(92,000)
Consultancy	(771,893)	(526,162)	(753,594)	(858,000)
Lease and Occupancy	(161,676)	(147,614)	(164,604)	(81,000)
Exploration Costs	(30,630)	(10,985,584)	(7,019,428)	(80,188)
Public Relations & Marketing	(158,124)	(243,101)	(119,644)	(27,000)
Administration	(715,513)	(662,615)	(555,498)	(128,000)
interest on loan	0	0	(436,213)	(374,000)
Other Expenses	(580)	(15,247)	(277,735)	(29,000)
Loss before income tax	(2,485,925)	(13,881,202)	(10,864,203)	(3,104,188)
Income Tax	-	-	-	-
Net profit/(loss) for the period	(2,485,925)	(13,881,202)	(10,864,203)	(3,104,188)

In respect of the above, we make the following comments:

- The Company generated substantial losses in the periods under review. This is due to the limited revenue earned by the Company whilst conducting its exploration activities, mainly interest on term deposits (which declined over time) and foreign exchange rate gains on USD reserves. A majority of funds were obtained through capital raisings.
- As detailed above, the Company initially conducted exploration activities in Cambodia. Following the acquisition of the Mt Kare project and commencement of exploration, costs increased substantially in FY13 due to the operation of these two (2) locations. On 10 September 2014, the Cambodian licences were not renewed by the Minister for Mines and Energy which caused a substantive decrease in exploration costs in the half year to 31 December 2014.
- Consulting costs, which include payments to Cabot Square and Avior Consulting for Company Secretarial work and advisory work to the Company, increased from 30 June 2014 to 31 December 2014 due to the appointment of new directors from as early as 31 July 2014.

4.4 Balance sheet and preliminary analysis

Set out below is a summary of the Company's balance sheet for the past three (3) financial years and for the period to 31 December 2014 together with our preliminary analysis. For completeness, we note that the half year to 31 December 2014 figures are unaudited.

Balance Sheet	FY ending 30 June 2012	FY ending 30 June 2013	FY ending 30 June 2014	Half Year ending 31 Dec 2014
Current assets				
Cash and Cash Equivalents	1,807,627	1,756,951	497,078	413,000
Trade and other Receivables	640,774	794,318	786,563	551,000
Term Deposits	-	346,230	394,672	399,000
Total current assets	2,448,401	2,897,499	1,678,313	1,363,000
Non-current assets				
Property, Plant & Equipment	506,797	1,686,609	935,977	729,000
Exploration and evaluation costs capitalised	69,248,142	82,311,680	88,889,978	18,600,000
Other Financial Assets	2,000	2,000	2,000	2,000
Total non-current assets	69,756,939	84,000,289	89,827,955	19,331,000
Total assets	72,205,340	86,897,788	91,506,268	20,694,000
Current liabilities				
Trade and other Payables	5,235,359	3,835,027	6,738,715	8,159,000
Short-term Provisions	237,917	160,990	762,114	356,000
Borrowings	-	51,532	1,961,623	2,920,000
Total current liabilities	5,473,276	4,047,549	9,462,452	11,435,000
Total liabilities	5,473,276	4,047,549	9,462,452	11,435,000
Net Assets	66,732,064	82,043,816	82,043,816	9,259,000
Equity				
Issued Capital	80,687,017	112,178,701	127,083,687	132,245,000
Accumulated Losses	(25,502,940)	(39,384,142)	(50,248,345)	(133,460,000)
Reserves	11,547,987	10,055,680	5,208,474	10,474,000
Total Equity	66,732,064	82,043,816	82,850,239	9,259,000

In respect of the above, we make the following comments:

- The large reduction in exploration and evaluation costs capitalised from financial year 2014 to 31 December 2014 was due to an impairment charge of approximately \$80,000,000 after reviewing the capitalised exploration and expenditure carried forward. This was due to the current market conditions, including the fall in the gold price, market capitalisation, implied valuations, and uncertainty in regard to tenement renewal.
- In considering the appropriateness of the impairment of the capitalised exploration costs which was a significant contributing factor in the reduction of total assets by circa \$71M, pursuant to AASB 6, exploration assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount. When facts suggest that this has occurred, an entity is to conduct an impairment test and disclose any resulting loss in accordance with AASB 136.

From our preliminary review it is possible that, as the fall in the gold price and continued delays in potential production of gold had begun prior to 30 June 2014 notwithstanding the loss of the Cambodian licences which would have significantly impaired the recoverability of those specific exploration costs, the Company should have undertaken an impairment test prior to the end of the reporting period. On this basis, the net assets would be overstated as at 30 June 2014. We confirm that the Administrators have not considered the timing of changes in economic circumstances and the subsequent effect this would

have had on the Company's assets in detail and note a Liquidator would need to undertake further consideration of the impairment.

- Almost all of the Company's expenditure was funded through equity up until February 2014, when the Company entered into a secured loan agreement of \$1.5m with Aude Holdings Pty Ltd as trustees for Lastours Investment Trust. This facility was later extended and provided with an additional \$1.15m for drawdown.
- The Administrators are not in a position to confirm (or otherwise) certain asset values as valuations commissioned by the Administrators are commercially sensitive and are not disclosed in this report.

5 Statement by Directors

Key comments

- Large estimated deficiency to unsecured creditors
- Major assets are wholly owned subsidiaries
- Mt Kare tenement, if lost, will leave the business with minimal recoverable assets

Section 438B of the Act requires the Directors to give an administrator a statement about the Company's business, property, affairs and financial circumstances.

We received the Directors' Statement on 2 April 2015.

In the Statement, the Directors detailed the Company's assets and liabilities at book value and ERV. The following table summarises the assets and liabilities disclosed in the Directors' Statement:

Statement by Directors	Reference	Book Value	Directors' ERV	Administrators' ERV Low	Administrator's ERV High
Circulating assets (net of PMSI claims)					
Cash	5.1	307,679	166,117	234,452	257,831
Debtors	5.2	1,378,273	-	-	-
Total circulating assets (net of PMSI claims)		1,685,952	166,117	234,452	257,831
Less: Priority creditors (employee entitlements)	5.5	(767,159)	(767,159)	(767,159)	(767,159)
Balance of circulating assets (after priority claims)		918,793	(601,042)	(532,707)	(509,328)
Non-circulating assets (net of PMSI claims)					
Office Equipment	5.3	55,819	-	-	20,000
Other assets	5.4	78,570,470	unascertained	unascertained	unascertained
Total non-circulating assets (net of PMSI claims)		78,626,289	-		
Less: Secured creditors (APAAP security interests)	5.6	(3,229,960)	(3,229,960)	(3,229,960)	(3,229,960)
Net assets available for unsecured creditors		76,315,122	(3,831,002)	(3,762,667)	(3,739,288)
Less: Unsecured creditors	5.7	(1,997,747)	(1,997,474)	(1,997,474)	(1,997,474)
Less: Contingent liabilities	5.8	Nil	Nil	(1,898,221)	Nil
Total Unsecured creditors		(1,997,747)	(1,997,474)	(1,898,221)	Nil
Estimated surplus / deficiency		74,317,375	(5,828,476)	(5,660,888)	(3,739,288)

The Administrators have not audited the Company's records or the book values. The above schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the Company's records and remain subject to the review of the Administrators and, in particular:

- The value of creditor claims remains subject to change as further claims may be received and require adjudication.

- The table above does not provide for possible trading losses or professional costs associated with the administration process.

We comment on the Directors' statement as follows:

5.1 Cash

The Administrators have received \$234,452.52 from the Company bank, ANZ, from cash term deposits and security deposits to secure the Company's facilities. These deposits included a deposit held for a foreign exchange facility and an amount held for the Sydney office lease bank guarantee. We note that ANZ is withholding a further deposit totalling \$141,561.80 pending the outcome of the outstanding bank guarantee held by the lessor as well as to cover the credit card facility, of which the Company currently owes \$47,182.87.

5.2 Debtors

The Directors Statement indicates that the Company had the following outstanding debtors:

Debtors	Amount \$
Prepayments	65,751
Stephen Promnitz	43,522
Accrued revenue	1,269,000
Total Debtors	\$1,378,273

The amounts owed to the Company from:

- Prepayments are in relation to insurance, accounting services and lawyer fees;
- Stephen Promnitz in respect for personal expenses incurred on the Company credit card prior to his resignation; and
- Accrued revenue for management fees payable by wholly owned subsidiary, Indochine Resources Limited (IRL).

In respect of the recoverability of the prepayments and amounts from Stephen Promnitz, we note that there are counter claims and he is entitled to apply the amounts in set-off of the unsecured debts.

Further, we do not anticipate there will be any funds recovered under the management fees payable by the subsidiary given IRL's only assets were the Cambodian tenement licences that were not renewed. Therefore there is no expectation of realising that amount.

5.3 Office equipment

The office equipment relates to computer equipment, furniture and some minor field equipment. The Administrators and Directors anticipate minimal recoverable value for these in a liquidation scenario.

5.4 Other Assets

Other Assets	Amount \$
Indochine Resources (Cambodia) Limited	5,578,625
Aries Mining Limited	3,499
Summit Development Limited	72,988,346
Total Other Assets	\$78,570,470

The amount listed in the Statement by the Directors relates to the wholly owned subsidiaries Indochine Resources (Cambodia) Limited, Aries Mining Ltd and Summit Development Ltd. The Directors estimate an estimated return for IRL and Aries at zero. At the time of writing, given the limited assets of both Indochine Resources (Cambodia) Limited and Aries Mining Ltd, we do not anticipate there will be any funds recovered for the benefit of creditors.

The likelihood and quantum of any returns from Summit Development Limited will be dependent on the strategy adopted by creditors for the Company and the ultimate amount realised for the Mt Kate tenement (if any). There is a significant risk that no value will be realised for creditors having regard to the renewal process for the tenement and also the extent of the liabilities owed by SDL to PNG based creditors and also to the Secured Creditor.

5.5 Employee claims

A breakdown of outstanding employee entitlements as at 27 March 2015 is detailed below:

Employee Entitlements	Amount outstanding \$
Unpaid wages	505,085
Unpaid superannuation	90,992
Annual leave	171,062
Long service leave	Nil
Total	\$767,160

Employee claims are afforded priority of repayment over circulating charged assets (i.e. debtors and cash at bank) pursuant to section 433, 560 and 556 of the Act, ahead of any return to unsecured creditors.

The Act provides that excluded employees (including Company directors and their spouses) are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and superannuation entitlements and \$1,500 for leave entitlements. Amounts owed to excluded employees that exceed the statutory limit, and all payments owing in respect of redundancy and payment in lieu of notice will rank as an ordinary unsecured claim.

Should the Company be placed into liquidation at the Second Meeting, employees may be eligible for financial assistance under the Fair Entitlements Guarantee Act 2012. Further information on FEG including eligibility for assistance can be found at www.employment.gov.au/feg.

5.6 Secured creditor

The Secured Creditor is Aude Holdings Pty Ltd as trustee for Lastours Investment Trust. The current amount owing is approximately \$3.3m. We anticipate this debt will increase with accruing interest at 25%.

On 6 February 2014, the Company entered into a secured loan agreement with Aude Holdings Pty Ltd as trustees for Lastours Investment Trust to borrow \$1.5M secured against a general security interest over the assets of the Company and at an interest rate of 60% calculated daily. In the event of default, the interest rate 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 the due date and was in default being charged interest at the default rate of 80%. On 14 May 2014 and 3 June 2014, the Company was served default notices.

Subsequently, on 6 July 2014 the Company entered into a Deed of Acknowledgement and Variation with the Secured Creditor in which the Secured Creditor waived the breaches which resulted in default notices being issued and reset the interest rate to 25% per annum.

This facility was further renegotiated on 3 August 2014 by the newly appointed director, Dermott McVeigh for the term to be extended to 31 December 2014 and the loan increased by \$1.15 million.

As at 31 December 2014, the secured loan facility available to the Company was \$3.25 million, of which \$2.86 million, including accrued interest, was drawn down. The term of the secured loan was further extended to 28 February 2015. On 30 January 2015, the Company entered into an agreement to extend the loan term to 30 April 2015 and to increase the loan facility amount to \$3.75 million.

Under this agreement, the secured lender has also agreed to potential conversion of amounts owed under the secured loan to ordinary shares in the Company. The conversion was to be at the discretion of the secured lender at a price of \$0.0098 per share, which was set at 85% of the volume weighted average price (VWAP) for the 5 trading days preceding 30 January 2015.

As at the date of our appointment, the amount owed under the facility was circa \$3.3M and continuing to increase with accruing interest and funding costs.

5.7 Unsecured creditors

In the Statement, the Directors have recorded unsecured creditor claims totalling \$1,997,747. A summary of the unsecured creditors is below:

Unsecured Creditors	Directors' ERV	Administrators' ERV
Trade creditors	1,787,102	1,787,102
Statutory creditors	2,280	2,280
Directors Claims	208,365	208,365
Total	\$1,997,747	\$1,997,747

We note that the above table provides only an indicative value of the unsecured creditors' claims. These claims are subject to the receipt and adjudication of final proofs of debt from creditors. For completeness, we note that we have received proofs of debt totalling \$5,771,739 which we have not adjudicated on at this time.

Director priority claims are capped under section 556 of the Act, with the uncapped portion remaining as an unsecured amount. These claims would be subject to further adjudication.

5.8 Contingent liabilities

There was outstanding litigation against one of the Company's related entities, Indochine Resources Pty Ltd. On 23 April 2015 an interlocutory application brought by the applicant was dismissed, ruling out Indochine's liability to a former group employee.

5.9 Omissions from statements

We have not identified any material omissions from the Directors' statement.

5.10 Explanation for current financial position

The Directors' explanation for the Company's current financial position is as follows:

- The withdrawal of an offer from an interested party for the purchase of the Mt Kare project; and
- The withdrawal of support from the secured lender.

Our preliminary view is that, in addition to the reasons identified by the Directors, the Company failed because:

- Long and drawn out negotiations for the release of the Mt Kare tenement;
- Failure to secure additional funding; and
- Unfavourable market conditions e.g. drop in the gold price.

6 Trading by Administrators

6.1 Overview

The Administrators assumed control of the Company's business upon appointment. Appropriate controls and systems were put in place with respect to banking and reporting.

We have endeavoured to allow the business to trade in the ordinary course. In particular, we:

- Continued employment of staff, with one staff member taking leave without pay;
- Negotiated with Secured Creditor;
- Conducted meetings with Directors and staff;
- Held meetings and discussions with the Mineral and Resources Authority of PNG with a view to their support for the renewal of exploration licence EL1093 at Mt Kare
- Reviewed the adequacy of the insurance policies held by the Company.

6.2 Trading issues

In order to preserve the Company's main asset, EL 1093, the Secured Creditor has undertaken to fund (through a limited recourse loan to the Administrators) the Warden and Mediation Hearings scheduled for 6 May 2015 and 25 - 29 May 2015 respectively and with a view to progressing the renewal of the tenement by the MRA. Following the second meeting of creditors, the Administrators do not propose to continue meeting these costs, rather transfer the financial obligation to the successful DOCA proponent (if any).

6.3 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period 27 March 2015 to 30 April 2015 is included as section 9 of the Administrators' Remuneration Approval Request Report attached as **Annexure B**.

7 Sale of business / assets

Following our appointment, we were approached by a number of interested parties for either the purchase of the Company's assets or to submit a restructuring proposal.

Upon receipt of evidence of financial capacity, we provided data room access for a number of parties to conduct due diligence. The Administrators held discussions with shortlisted parties to gain an understanding of the offer terms and each party's capacity to complete the transaction. Two parties withdrew their interest as a result of the uncertainty attaching to tenement renewal while a further group had prepared a draft but did not finalise its proposal. Accordingly, Section 8 of this report provides further details on the one (1) finalised DOCA proposal received prior to finalising this report.

8 Proposal for DOCA

8.1 Proposal received

We have received a DOCA proposal from Avior Consulting on behalf of the Kandahar Holdings Pty Ltd for a reconstruction and recapitalisation of the Company. We consider that the proposed DOCA complies with section 25.6.6 of the Code. The proposal is attached as **Annexure A**.

8.2 Key features of the proposal

The proposed DOCA includes the following key commercial features:

Key element	DOCA proposal
1. Proposal	<p>1.1. 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.</p> <p>1.2. The Deed Administrators will be at liberty to amend the dates for payment without seeking approval from the Company's creditors.</p> <p>1.3. 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.</p> <p>1.4. 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:</p> <ul style="list-style-type: none"> • 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.
2. Proponents of the DOCA	2.1. Kandahar Holdings Pty Ltd
3. Deed Administrators	3.1. The Deed Administrators are to be Martin Jones, Ben Johnson and Darren Weaver who will have extensive powers to administer the DOCA.
4. Secured Creditor	4.1. The rights of 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.
5. Available Property	<p>5.1. The assets of the Company (Available Property) will comprise:</p> <p>5.1.1. The balance of cash at bank that was held by the Administrators immediately prior to the execution of the DOCA;</p> <p>5.1.2. The proceeds from the Second Loan Amount;</p> <p>5.1.3. All shareholdings in other companies owned by the Company, but excluding the Company's shareholdings in SDL;</p>

Key element		DOCA proposal
		5.1.4. Any recovery from claims made by the Trustees against any former director of the Company.
6.	Participating Creditors	<p>6.1. 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.</p> <p>6.2. “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.</p> <p>6.3. “Class A Creditor” means each Priority Creditor Claim against the Company.</p> <p>6.4. “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.</p>
7.	Application of Proceeds	<p>7.1. Firstly, all remuneration and expenses of the Administrators, Deed Administrators and Trustees will be paid in full.</p> <p>7.2. Secondly, a distribution will be made to Class A Creditors.</p> <p>7.3. 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.</p>
8.	New Directors	8.1. 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.
9.	Creditors’ Committee	<p>9.1. In order to advise and assist the Deed Administrators there may be a committee of inspection.</p> <p>9.2. 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:</p> <p>9.2.1. Sections 548 to 551 inclusive of the Act; and</p> <p>9.2.2. Regulations 5.6.12 to 5.6.36A inclusive of the Corporations Regulations.</p>
10.	Administrators’ / Deed Administrators’ Lien	10.1. Subject to the rights of the Secured Creditor, the Deed Administrators and Administrators are entitled to be indemnified out of the Available Property for and have a

Key element	DOCA proposal
	<p>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.</p> <p>10.2. 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.</p> <p>10.3. The Deed Administrators' and Administrators' right of indemnity has 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.</p>
<p>11. Members rights exercisable by Deed Administrators</p>	<p>11.1. Until the DOCA terminates, for the purpose of administering the DOCA or fulfilling the arrangement effected 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.</p>
<p>12. Moratorium against the Company in relation to winding up</p>	<p>12.1. Creditors are not able to pursue claims against the Company absent leave of the Court. This restriction will not apply to the Secured Creditor.</p>
<p>13. Termination of DOCA</p>	<p>13.1. The DOCA automatically terminates when any of the following conditions are met:</p> <p>13.1.1. The Deed Administrators have transferred the Available Property to the Creditors' Trust;</p> <p>13.1.2. The Court makes any order terminating the DOCA;</p> <p>13.1.3. 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;</p> <p>13.1.4. The Company's creditors pass a resolution terminating the DOCA at a meeting that was convened pursuant to section 445F of the Act.</p> <p>13.2. 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.</p> <p>13.3. 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.</p>

Key element	DOCA proposal
	<p>13.4. The termination of the DOCA will not affect:</p> <p>13.4.1. The previous operation of the DOCA; or</p> <p>13.4.2. The enforceability of any accrued obligations under the DOCA.</p>
<p>14. Conditions Precedent</p>	<p>14.1. The approval of the Company's creditors of the DOCA at the Creditors' Meeting.</p> <p>14.2. The approval of the Company's shareholders of the recapitalisation proposal at the Shareholders' Meeting.</p> <p>14.3. The Proponent providing the Deed Administrators with a notice stating that Summit's interest in exploration license number 1093 in Papua New Guinea has been preserved on terms and conditions that are acceptable to the Proponent.</p> <p>14.4. Confirmation from the ASX that the Company will not be required to re-comply with ASX Chapters 1 and 2.</p> <p>14.5. 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:</p> <p>14.5.1. A consolidation of the Company's existing shares on issue at a ratio of 400:1;</p> <p>14.5.2. Cancellation of all existing options to acquire shares in the Company;</p> <p>14.5.3. The issue of 10 million ordinary shares to the Proponent or its nominees; and</p> <p>14.5.4. 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.</p>
<p>15. Release of Claims</p>	<p>15.1. 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.</p> <p>15.2. 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.</p> <p>15.3. 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</p>

Key element	DOCA proposal
	<p>Company if in favour of the Company.</p> <p>15.4. 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.</p> <p>15.5. Each Participating Creditor accepts the Participating Creditor's entitlement under the DOCA in full satisfaction of the Participating Creditor's Claim.</p> <p>15.6. 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.</p> <p>15.7. 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.</p>
<p>16. Abandonment by creditors who do not prove</p>	<p>16.1. 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:</p> <p>16.1.1. fails to submit a formal proof of debt or claim in respect of the Creditor's Claim; or</p> <p>16.1.2. having submitted a formal proof of debt or claim in respect of the Creditor's Claim which is rejected, falls to appeal to the Court against the rejection, within the time allowed for such appeal under the Act and the Corporations Regulations.</p>
<p>17. Remuneration of the Deed Administrators</p>	<p>17.1. 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.</p> <p>17.2. 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.</p>

Key element	DOCA proposal
	<p>17.3. 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.</p> <p>17.4. The Deed Administrators may draw the Deed Administrators' remuneration and reimbursement at the end of each month.</p>
<p>18. Costs and Outlays</p>	<p>18.1. 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.</p> <p>18.2. The Proponent's costs and outlays connected with the negotiation, preparation and execution of this Deed are his own.</p> <p>18.3. 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.</p>
<p>19. Other Terms</p>	<p>19.1. Except where expressly included in this Deed the Prescribed Provisions are excluded from the DOCA.</p> <p>19.2. 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.</p> <p>19.3. The law of Western Australia will govern the DOCA.</p> <p>19.4. The parties submit to the exclusive jurisdiction of the Court and agree that any lawsuit must be heard, if at all, in the Court.</p>

8.3 Inclusion of Creditors' Trust

As set out above, the proposed DOCA requires the utilisation of a creditors trust. This is a mechanism used to accelerate a company's exit from administration, and will result in control of the Company returning to the directors (or new directors) immediately upon effectuation of the DOCA and execution of the creditors trust deed. It is important that creditors understand that the Creditors' Trust is a separate legal structure to the corporate entity, Indochine, which is presently subject to administration. We have set out below a detailed explanation for creditors as to the operation of the proposed creditors' trusts and drawing the attention of creditors to how their rights under a creditors trust may differ from those existing under a DOCA governed by the Corporations Act.

What is a Creditors' Trust?

A Creditors' Trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. Typically under the terms of the DOCA and one or more interconnected deeds, a trust entity is created and the company's obligations to some or all of its creditors bound by the DOCA are compromised and transferred to the trust. Those creditors become beneficiaries of the trust.

In this case, a third party has made a promise to make one or more payments (and/or the transfer of other property) to Indochine, and Indochine will pay certain of these funds to the Trustee concurrent with the execution of the Creditors' Trust in satisfaction of the creditors' claims against the Company. In return, the creditors' rights against the Company will be extinguished, with only a claim by the Trustee continuing against Indochine in relation to payment of the Deed Fund (and other assets to be held by the Trust).

It is important that creditors understand that the Creditors' Trust is a separate legal structure to the corporate entity, the Company, which is presently subject to administration. Part 5.3A of the Corporations Act which governs the voluntary administration and DOCA process will not apply to the Creditors' Trust and creditors will in essence become passive trust beneficiaries. Creditors, who will become beneficiaries of the trust, are not entitled to pursue their claims against Indochine once the DOCA has been effectuated as their claims will then be as beneficiaries of the Creditors' Trust, and any claim against the Company will have been extinguished.

Usually, the DOCA is 'effectuated' (and terminates) after the creditors' claims against a company have been separated in this way. In most cases, the DOCA terminates immediately upon creation of the Creditors' Trust, which usually occurs upon or shortly following the execution of the DOCA.

When the DOCA terminates, the company ceases to be externally administered, the directors regain full control of the company and the company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents as otherwise would be required by s450E(2) of the Act.

Reasons for a Creditors' Trust

The Creditors' Trust provides a structure whereby creditors' claims can be dealt with by the Trustee of the Creditors' Trust and the DOCA can end sooner.

Specific advantages to creditors in utilising a creditors' trust mechanism in this case are:

- The DOCA is conditional upon incorporating a creditors' trust mechanism, without which the DOCA proposal would fall away and Indochine would be wound up resulting in a lower return to creditors.
- The Proponent wishes to acquire and utilise the corporate entity/structure of the Company. The Creditors' Trust mechanism will allow pre-appointment claims to be separated and quarantined from the Company moving forwards.
- Separating Indochine from the pre-appointment creditors will make the Company more attractive to investors or alternate financiers.

- The timing or quantum of return to creditors will be unaffected by the inclusion of a creditors' trust into the DOCA proposal.

It is for the reasons as set out above that we consider the use of a creditors' trust to be beneficial to creditors as a whole in this case.

Key Events

If the DOCA proposal is approved by creditors, a number of key events will occur, including the following:

Date	Event	Comments
13 May 2015	Second Meeting of Creditors	Creditors may resolve that the Company execute the DOCA.
4 June 2015	Deadline to Execute DOCA	DOCA must be executed within 15 business days of creditors meeting.
18 June 2015	Payment of First Loan	The Proponent is to remit the First Loan in the amount of \$50,000 within 14 days of execution of the DOCA.
30 September 2015	Deadline for waiver or satisfaction of conditions precedent	If the conditions precedent are not satisfied or waived by 30 September 2015 (or other such date as agreed in writing between the Deed Administrators and the Proponent), the DOCA terminates.
14 October 2015	Payment of Second Loan	The Proponent is to remit the Second Loan in the amount of \$450,000 within 14 days of satisfaction or waiver of conditions precedent.
21 October 2015	Transfer of Available Assets	The Deed Administrator is to transfer the Available Property to the Creditors' Trust within 5 business days of the Proponent remitting the Second Loan.
December 2015	Distribution of Dividend*	Estimated date Deed Administrator will distribute the Available Assets after payment of professional fees.

**provided that there are funds available*

The above dates are provided as a guide based upon expected outcomes but may vary or be extended. All parties involved in the transaction, being the Administrators and the Proponent are desirous of concluding the transaction as quickly as possible.

Creditors should note that some of the considerations currently anticipated, such as the payments to be made by the Proponent will not be available to creditors if either:

- Creditors do not approve the proposed restructure, in which case Indochine will be placed into liquidation, with any dividend from ultimate asset realisations being distributed to admitted creditors subject to payment of the subsidiary debts and Secured Creditor debt; or
- Any of the conditions precedent to the transaction are not met.

The risk to creditors/beneficiaries of any delays are an increase to the completion risk of the transaction, an increase to the risk of the renewal of EL1093 and an increased risk to meeting other conditions precedent, and other time sensitive deadlines which must be met.

Should the payment into the Deed Fund, or the assignment of the claims as required under the Proposal fail to occur as scheduled, or the trustee is forced to resort to legal action to procure such payments, then a lower than expected return to creditors/beneficiaries may result.

Anticipated Return

As set out above, the DOCA has been structured to provide for a partial repayment of employee claims while the return to unsecured creditors is contingent upon whether claims against former directors may be identified and recoveries made in respect to same. At this time, conservatively, we advise that the estimated return to admitted Class B creditors is nil.

We anticipate a distribution to priority employee claims occurring in or around December 2015 following receipt of the DOCA fund. Any distribution to ordinary unsecured creditors would be contingent on further recoveries.

If the DOCA proposal did not incorporate a creditors' trust, the transaction would not be available as the proposal specifically requires the use of such. The relevant comparison in the absence of a creditors trust is therefore the liquidation scenario as set out in section 10 of this Report, which does not include the benefit of the \$500,000 contributed by the Proponent, which is specifically to remove the Secured Creditor's claims in respect of the outstanding balance and address employees' priority claims.

Trustee Particulars

The DOCA proposal requires that the Administrators, being Martin Jones, Darren Weaver and Ben Johnson, be appointed as Trustees of the Creditors' Trust should it be approved. By appointing the current Administrators as Trustees of the Trust, there is a cost saving compared with appointing a different Trustee. The Administrators have detailed knowledge of the background to the restructure which a different trustee would have to acquire at a substantial cost to the Trust.

The current Administrators are well equipped to carry out this role and discharge their obligations, being registered liquidators of over twenty years' experience and having concluded many similar insolvency administrations in the contracting, construction and resources sectors. We have considered whether any potential conflict of interest may exist in the Administrators acting as trustees, and have concluded that no such conflict would exist.

Under the DOCA, creditors may apply to the Court for orders in relation to the Deed Administrators' performance of their duties under the Act. Should beneficiaries under a Creditors' Trust consider it necessary, they could also apply to the Court under the Trustees Act 1962 (WA) in relation to the Trustees' performance of their duties. Whilst ASIC will not have any specific supervisory powers over the trustee, our conduct as insolvency professionals is subject to ASIC's general regulatory powers and review.

Creditors are advised that the Administrators are registered liquidators, are insured for conduct as trustees, and maintain adequate insurance as required by the Corporations Act.

Remuneration and Indemnities

It is proposed that the Trustees would be remunerated on a time incurred basis calculated at rates set down by Ferrier Hodgson from time to time. The Trustees would be entitled to draw their fees and costs monthly in arrears. Please refer to **Annexure B** for details of our current rates. A detailed analysis of the expected time and cost of major tasks that it is envisaged the Trustees will be required to carry out in discharge of their duties is set out in the remuneration approval request report, enclosed as **Annexure B** with this Report.

We do not anticipate that there would be a materially greater cost to creditors under a creditor's trust than a DOCA, as essentially the same tasks will be conducted, being to receive funds and realise assets, adjudicate claims, and distribute the proceeds to creditors. The same tasks will occur, and costs be incurred, whether under a creditors' trust or a DOCA structure.

As part of the DOCA and Creditors' Trust, the Deed Administrators and Trustees would have an indemnity or lien over the assets of Indochine and the trust assets respectively for the duration of those respective roles.

Whilst beneficiaries would not have any specific rights to challenge the Trustees' remuneration, they could, as noted above, apply to the Court the Trustees Act 1962 (WA) in relation to the Trustees' performance of their duties if they felt it necessary. The proposed Trust Deed requires the Trustee to disclose receipts and payments and details of costs incurred and any remuneration drawn in our capacity as Trustees in future reports to beneficiaries.

Powers

The Trustees of the Creditors' Trust become solely responsible to the former creditors (who will become trust beneficiaries) for:

- (a) Ensuring that Indochine and/or the Deed Proponent and other third parties perform their payment and other obligations to the Trustee;
- (b) Determining amounts to be distributed to each of the former creditors from the trust; and
- (c) In due course, making those distributions to the former creditors.

In addition to the above, the Trustees will have the following powers:

- a) To ensure that Indochine fulfils its obligations under the DOCA and to take such legal proceedings or other steps as the Trustees consider appropriate to enforce those obligations.
- b) To fulfil the Trustees' obligations in terms of the DOCA.
- c) To administer the Trust Fund.
- d) To admit claims to proof in accordance with the provisions of the DOCA and the Trust Deed.
- e) To compromise any debt or claim on such terms as the Trustees consider fit.
- f) To make interim or other dividends to creditors or distributions of the Trust Fund.
- g) To appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee is unable to do or that it is unreasonable to expect the Trustee to do in their own right
- h) To appoint a solicitor, accountant or other professionally qualified person to assist the Trustees.

- i) To do anything else that is necessary or convenient for administering the Trust.

The powers set out above are provided for the benefit of creditors in determining whether to accept the proposed DOCA, however these powers may be varied prior to finalisation and execution of the Trust Deed. We do not consider that there will exist any deficiencies in the powers of the Trustee to perform and discharge the obligations as required by the proposed Trust.

These powers arise from the Trust Deed, and not through the statutory provisions of the Corporations Act (although certain provisions of the Act may be “imported” by the Trust Deed). The law that governs the interpretation of the Trust Deed and the Trustees’ powers will be the Trustees Act 1962 (WA).

Creditors should also be aware that other than as explicitly set out in the DOCA or the Trust Deed, they will not, as beneficiaries of the Creditors’ Trust, have specific rights (either individually or collectively) to monitor or enforce compliance by the Trustee, Indochine or any relevant third parties, including payment of the trust fund or other assets. Nor will they be entitled to require the Trustee to call meetings to vary or terminate the terms of the trust deed, except as explicitly provided within the Trust Deed.

It will be the responsibility of the Deed Administrator, and subsequently the Trustee, to monitor and enforce compliance. As noted above, beneficiaries have certain statutory rights to apply to Court should they feel aggrieved by the Trustees performance.

Claims

For the purpose of determining the admissibility and ranking of creditors’ claims in the Trust, the process contemplated by regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust.

The Trustee will have full and unrestricted access to the records of Indochine for the purpose of adjudicating on the claims of creditors (or beneficiaries). Generally, if a creditor wishes to challenge the adjudication of the Trustee on a proof of debt, the process for doing so under the Act will not be available, and creditors will need to pursue a claim under the Trustees Act (which may not be as convenient or cost effective to the creditor) unless specific provisions to allow a right of appeal to the Supreme Court (as is available in a liquidation, and commonly under a DOCA) are imported into the Trust Deed.

The order of priority of creditors as set out by Section 556(1) of the Act will be imported into the Trust Deed, and will apply to beneficiaries of the Trust such that creditors are not disadvantaged in their treatment as beneficiaries of the Trust rather than as creditors under a DOCA (or liquidation). Claims on behalf of employees through the FEG scheme which is generally available to employee creditors in a liquidation (but not in a DOCA) would also not be available to employees who become beneficiaries of the trust. That is, the trust will need to meet priority debts from its own trust assets, and will not be able to apply for funding to do so through FEG.

Creditors, including the Secured Creditor to the extent of the unsecured portion of their debts (if any), will not be permitted to take recovery action against Indochine for pre-administration debts during the period of the DOCA.

Other Creditor/Beneficiary Differences

For the further information of creditors, we have set out below a table comparing the rights of creditors under a DOCA to those of a beneficiary under a trust, so that creditors can fully appreciate the change in their status that will result from the proposed trust mechanism.

Ability of creditors to:	Creditors under a DOCA	Beneficiaries under a Trust
Challenge decisions, actions or omissions by the deed administrators, including adjudication of the claim against the Company.	Corporations Act Regulation 5.6.54, which deals with liquidations but is generally imported into DOCA adjudications, provides that the Creditor may appeal to the Court within the time specified in the notice, which must not be less than 14 days.	Either: Beneficiaries will have the same right as they would under a DOCA, as Regulation 5.6.54 will be imported into the Trust Deed. or The adjudication of creditors' claims will be completed within the DOCA, and only Admitted Creditors will have their claims transferred to the Trust. Creditors who wish to challenge the adjudication of their claim must do so under the DOCA, within the time period set out therein.
Be informed (including through reports to creditors, meetings of creditors, and lodgement of statements of receipts and payments with ASIC, where these are required) about the progress of the external administration;	While the Deed Administrator is not required to report to creditors, we will do so as a matter of course when material or significant events occur that may impact upon creditors. The Deed Administrator is also required to lodge six monthly accounts of receipts and payment with ASIC which are public documents and are available to creditors through ASIC.	While the Trustee is not required to report to creditors, we will do so as a matter of course when material or significant events occur that may impact upon beneficiaries. The Trust Deed does not require the preparation of six monthly accounts as are required under a DOCA. As the Trust is not a corporate entity, these could not be lodged with ASIC in any event. We will however, include details of receipts and payments made in the Trust with future reports to beneficiaries for their information.
Require a deed administrator to call a meeting of creditors to put a resolution to vary or terminate a DOCA;	Creditors may pass a resolution to vary or terminate a DOCA at a meeting convened in accordance with Section 445F, but may only terminate the Deed if there has been a breach of the deed and that breach has not been rectified by the time the resolution is	Beneficiaries do not have a right to call a meeting to vary or terminate the terms of the trust deed, except as explicitly provided within that document.

Ability of creditors to:	Creditors under a DOCA	Beneficiaries under a Trust
	<p>passed.</p> <p>A Deed Administrator must convene a meeting to consider such a resolution if requested to do so in writing by at least 10% (by value) of creditors.</p>	
<p>Apply to the court for the DOCA to be varied, terminated or voided;</p>	<p>A creditor may also make an application to the Court for the termination of a DOCA under certain specific grounds, as set out in Section 445D of the Corporations Act.</p> <p>A creditor may also apply to the Court for an Order cancelling the variation of DOCA, should the Court consider it appropriate.</p> <p>A creditor cannot apply for a DOCA to be varied. Any variations must occur through resolution by the general body of creditors, or by application to the Court by the Deed Administrator</p>	<p>A beneficiary may apply to the Court for the termination of a Trust Deed under the Trustees Act 1962 (WA).</p>
<p>Complain to ASIC about the conduct of the Deed Administrator.</p>	<p>Creditors under a DOCA may make such complaints in writing to ASIC's Insolvency Compliance Unit.</p>	<p>ASIC does not govern trust deeds, and does not have any regulatory powers over them. Creditors may still lodge complaints with ASIC however, or with any accounting or other professional bodies (such as the Institute of Chartered Accountants of Australia, or the Insolvency Practitioners Association) that the Trustees may be members of.</p>

Compliance Opinion

We have, in the time available, made reasonable enquiries of the Proponent, through publicly available information, including specific consideration of meetings and discussions with the directors and board of the Proponent, and a review of its financial statements. In response to our enquiries, we have received recent financial statements, a corporate profile, and a current statement of liquid assets.

In our opinion, and based upon our discussions with the Proponent, we consider that the Proponent is capable of complying with its obligations under the DOCA proposal. We have not identified any specific areas of risk that we need to draw the attention of creditors to, however creditors should be aware of and consider the effect that under this Proposal:

- The Proponent may identify factors that it consider material to its decision to proceed during its final due diligence and may withdraw its offer
- Once the DOCA has been wholly effectuated, control will return to the directors and new management, and we will not have access to Company information, other than for the purpose of prosecuting claims which become the property of the Trust and adjudicating on creditors' claims.

Solvency Statement

At the time the DOCA will be wholly effectuated, we expect that the Company will be solvent on the basis that:

- The admitted claims of pre-appointment unsecured creditors will have been transferred to the Creditors' Trust;
- All other pre-appointment creditors' claims, whether rejected, unknown or otherwise, will be extinguished when the DOCA is effectuated;
- Liabilities incurred by us during the Voluntary Administration period will be discharged by Indochine through the Administrators' lien over the Company's cash assets, funds advanced by the Secured Creditor or otherwise as priority costs of the Trust.
- Indochine will have adequate funding through the Secured Creditor facilities, as well as the introduction of new capital and investors to enable the Company to meet its short and mid-term obligations as are currently known.

That said, we acknowledge that there are a number of significant issues which may impact upon Indochine's future capacity to meet its longer term obligations, accentuated by the inherent uncertainty of the resources industry in which Indochine operates. Although the DOCA proposal addresses Indochine's short to medium term solvency issues, it does not and cannot guarantee the long-term viability of Indochine, nor do we, in recommending this Proposal to creditors, guarantee the success or otherwise of Indochine.

Tax (company/trust)

Creditors should note that there may be income tax and duty implications for the Company and the Trust associated with the abovementioned proposal.

The Trust may be required to register for GST purposes and apply for a new Tax File Number. In addition, the Trustees may also be responsible for lodging income tax returns for the Trust with the ATO.

It should be noted that any carry forward income or capital losses in Indochine will not be available for offset against any assessable income made by the Trust.

Tax (creditor/beneficiary)

Our preliminary view is that by effectively transferring creditors' claims to the Trust any dividend paid to creditors would be treated the same as if creditors had received the dividend from Indochine under Administration. That is, we do not foresee any tax disadvantages to creditors with the DOCA and Creditors' Trust.

The DOCA and Creditors' Trust also enables (if considered necessary) the Trustee to make distributions to the beneficiaries of the Trust (as opposed to the repayment of creditors' claims

outlined above). Under this scenario however, the Trustee may be required to withhold tax from distributions to non-resident beneficiaries at the applicable tax rates.

The above should not be taken to constitute taxation advice. Creditors are encouraged to seek their own independent legal advice in relation to the possible taxation consequences of receiving a distribution from the proposed Creditors' Trust.

8.4 Further information for creditors

Creditors should seek their own legal advice as to their rights and the effects of their position in entering into the DOCA.

Creditors can obtain further information from the *ASIC Regulatory Guide 82 – Deeds of company arrangement involving Creditors' Trusts*, which is available at www.asic.gov.au.

9 Statutory investigations

9.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the Company that a liquidator might seek to void or otherwise challenge where the Company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the Company. We investigated matters to the extent possible in the time available.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including Secured Creditors but only to the extent of any shortfall incurred after realising their security.

A deed administrator does not have recourse to voidable transactions.

The Administrators' knowledge of the Company's affairs comes principally from the following sources:

- Discussions with the Directors, their advisors, current and former staff members.
- The Directors' Statement and questionnaire.
- Management accounts, books and records, board reports and financial statements.
- The Company's internal accounting system.
- Correspondence and discussions with the Company's creditors.
- Searches obtained from relevant statutory authorities.
- Records maintained by the ATO.
- Publicly available information.

9.2 The Company's solvency

Key comments

- **Sustained negative cash flow due to drawn out negotiations around Mt Kare tenement**
- **Failure to secure additional funding**
- **Large balance of outstanding payments.**

9.2.1 Overview of insolvency tests and indicators

In order for a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, the Company's insolvency must be established at the relevant time.

There are two primary tests used in determining a company's solvency, at a particular date, namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators.

We have summarised below the insolvency indicators adopted by the Courts and the ASIC together with our comments in relation to the Company:

Insolvency indicator	Ref	Date relevant to insolvency	Administrators' comments
Working capital deficiency	9.2.2.1.1	30 June 2012	Large working capital deficit
Net asset deficiency	9.2.2.1.2	Inconclusive	Net assets show a large surplus due to capitalised mining and exploration costs. Without this there would be a large deficit. This is not uncommon for a fledgling mining company.
Ageing of creditors	9.2.2.1.3	31 October 2014	Large increase in 90+ days payables
Inability to extend finance facilities and breaches of covenants	9.2.2.1.4	Inconclusive	Initial default on secured loan repayments on 14 May 2014, however secured lender ultimately waived the breaches.
Inability to meet other financial commitments / default on finance agreements	9.2.2.1.5	N/A	No other financial commitments
Profitability / trading losses	9.2.2.2.1	N/A	Company has been sustaining losses since inception. This however is not unusual for a fledgling mining company.
Cash flow difficulties	9.2.2.2.2	26 March 2015	Secured lender withdrew funding support.
No access to alternative sources of finance (including equity capital)	9.2.2.2.3	Inconclusive	Negotiations with secured lender for additional finance fell through just before Administration date.
Inability to dispose non-core assets	9.2.2.2.4	N/A	No non-core assets.
Dishonoured payments	9.2.2.2.5	N/A	No dishonoured payments.
Overdue Commonwealth and State taxes	9.2.2.3	16 February 2015	Entered into payment plan with ATO on 30 May 2014. Garnishee notice issued on 16 February 2015 for non-payment of tax debt accrued from November to February.
No forbearance from creditors / legal action threatened or commenced by creditors	9.2.2.4	14 May 2014	Issued with default notices in late May and early June. Later renegotiated additional finance from lender and waiver of breaches.

The above indicators are discussed in further detail in section 9.2.2 below.

9.2.2 Preliminary determination

Set out below is a summary of our preliminary investigations and our preliminary determination as to the Company's solvency.

9.2.2.1 *Endemic shortage of working capital - balance sheet test*

9.2.2.1.1 Working capital

The table below summarises the Company's working capital position:

Working Capital	FY ending 30 June 2012	FY ending 30 June 2013	FY ending 30 June 2014	Half Year ending 31 Dec 2014
Current Assets	2,448,401	2,897,499	1,678,313	1,363,000
Current Liabilities	5,473,276	4,047,549	9,462,452	11,435,000
Deficiency	(3,024,875)	(1,150,050)	(7,784,139)	(10,072,000)
Working Capital Ratio	45%	72%	18%	12%

We make the following comments in respect of the above high level analysis:

- Current assets comprise cash, trade receivables and term deposits. We note that the term deposits were held with the ANZ for the purpose of securing the Company's financial obligations (i.e. for the premises lease and credit card facility).
- The analysis depicts depletion in the working capital ratio over time from 30 June 2012 due mainly to increasing current liabilities. The major contributor to the increase relates to trade payable accounts and the short term borrowings from the secured lender in 2014.
- Given the main function of the Company was as the parent entity for the exploration company and as a vehicle for capital raising, it had minimal revenue sources. We note that the Company was reliant on funds generated through capital raising to meet its obligations.

9.2.2.1.2 Net asset position

The table below summarises the Company's net asset position:

Net Asset	FY12	FY13	FY14	YTD FY15
Assets				
Current assets	2,448,401	2,897,499	1,678,313	1,363,000
Non-current assets	69,756,939	84,000,289	89,827,955	19,331,000
Total assets	72,205,340	86,897,788	91,506,268	20,694,000
Liabilities				
Current liabilities	5,473,276	4,047,549	9,462,452	11,435,000
Non-current liabilities	-	-	-	-
Total liabilities	5,473,276	4,047,549	9,462,452	11,435,000
Surplus / (deficiency)	66,732,064	82,043,816	82,043,816	9,259,000

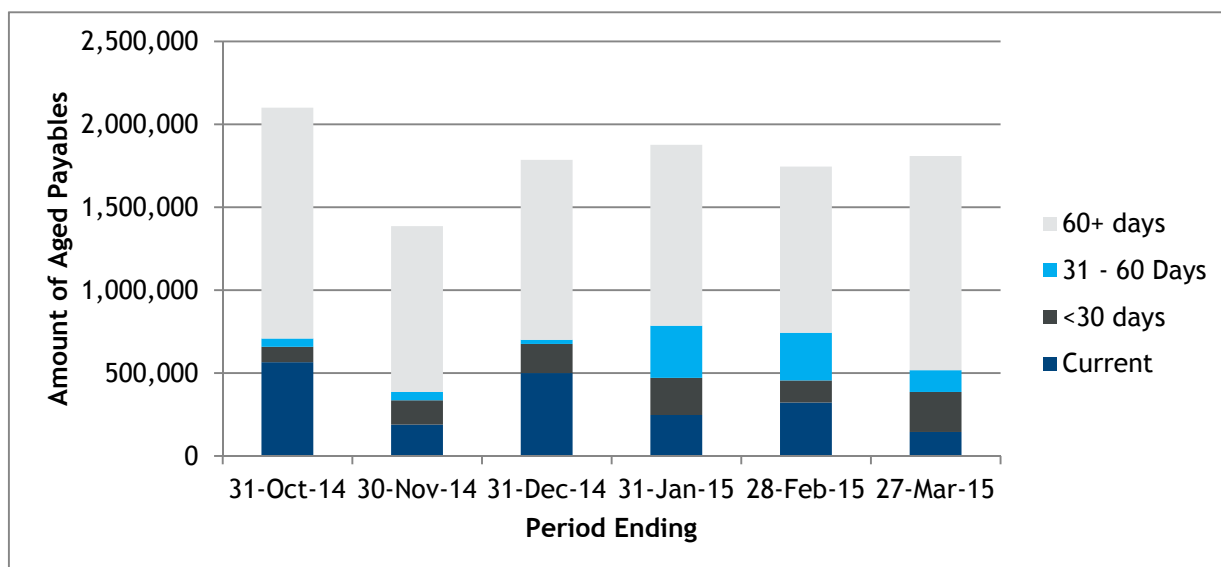
The Company does not report a net asset deficiency due to the capitalisation of exploration costs. Following review of the quantum of exploration costs, these were impaired by approximately \$80m during the half-year ending 31 December 2014, substantially reducing the Company's net asset position. Please refer to section 4.4 for further information.

9.2.2.1.3 Aged payables review

The table below sets out an analysis of the aged payables for the periods leading up to the date of administration.

Aged payables	Current	30 days	60 days	60+ days	Total
31-Oct-14	566,546	92,117	\$49,727.65	\$1,390,742.25	2,099,133
<i>Percentage of total %</i>	27%	4%	2%	66%	100%
30-Nov-14	188,710	148,074	50,110	999,080	1,385,974
<i>Percentage of total %</i>	14%	11%	4%	72%	100%
31-Dec-14	499,339	177,232	23,562	1,086,071	1,786,204
<i>Percentage of total %</i>	28%	10%	1%	61%	100%
31-Jan-15	246,943	223,419	314,676	1,091,379	1,876,417
<i>Percentage of total %</i>	13%	12%	17%	58%	100%
28-Feb-15	323,452	131,838	287,362	1,003,115	1,745,767
<i>Percentage of total %</i>	19%	8%	16%	57%	100%
27-Mar-15	144,889	241,363	131,695	1,290,477	1,808,423
<i>Percentage of total %</i>	8%	13%	7%	71%	100%

The above may also be depicted in the following graph:



From our review of the aged payables for the previous 6 months, it would appear that a majority of creditors were not paid within their trading terms (i.e. a significant proportion of outstanding creditors relate to over 60 days). We have identified that as at the date of our appointment, a number of creditors had invoices outstanding from as early as June 2014. Accordingly, we consider that this is an indicator of insolvency from the period under review. A liquidator would have to undertake further investigations to identify the precise date the Company was unable to meet creditor trading terms.

9.2.2.1.4 Review of banking facilities

The Company used ANZ for access to a credit card facility, of which \$47,182 was drawn down on the \$50,000 limit. Funds were also held to secure a bank guarantee for \$71,219 in respect of the lease of the Sydney office premises. As at the date of writing, this bank guarantee had not been called however the former has advised that it is its intention to call upon the guarantee. There were no banking covenants attached to the ANZ facilities.

9.2.2.1.5 Finance commitments review

The Company had a loan facility with Aude Holdings Pty Ltd as trustees for Lastours Investment Trust. The loan agreement was taken out on 6 February 2014 for the original amount of \$1,500,000, due for repayment in full by 31 May 2014. The interest rate charged on this loan was 60%, calculated daily, however in the event of default the interest rate would increase to 80%. The Company was unable to repay the loan by 31 May 2014 and the secured lender issued letters of default on 14 May 2014 and 3 June 2014 which were subsequently waived. For completeness, we note that these events were not disclosed to the market at the time they occurred.

Further talks with the secured lender resulted in extension of the loan to 31 December 2014 and a further \$1.15m available for drawdown, with the interest rate payable reset to 25% per annum.

As at 31 December 2014, the secured loan facility available was \$3.25m of which \$2.86m, including accrued interest, was drawn down. The term of the secured loan was further extended to 28 February 2015, and then further extended to 30 April 2015 with an additional \$500,000. Under this loan facility, the secured lender had agreed to potential conversion of this debt to equity.

The continual refinancing and extension of the loan facility, indicates an inability to pay back the loan or access cash flow from other sources in the months leading up to Administration however as the secured lender waived the breaches of the agreement, this is not a conclusive indicator of insolvency.

9.2.2.2 *Availability of other cash resources – cash flow test*

9.2.2.2.1 Profitability

The Company was yet to produce revenue from its operations and, as such, the Company continued to operate at a loss. We refer you to section 4.3 of this report for further details.

9.2.2.2.2 Cash flow

The Company is cash flow negative as it currently has no income producing assets. Further, the Company was reliant on capital raisings and funding from the secured lender to continue exploration activities. The secured lender withdrew its funding support on 26 March 2015 and, subsequently, the Company had no further access to cash to support its operations.

Equity raisings have been common, with \$5.95m being raised in the 2015 financial year. Up to 30 June 2014, the Company has raised in total \$127m in equity. Share capital was often issued to trade creditors or to employees of the business for monies outstanding in the months leading up to Administration.

9.2.2.2.3 Access to alternative sources of finance

The Company took out the secured loan facility with Aude Holdings Pty Ltd as trustees for Lastours Investment Trust. The interest charged on the loan was originally 60%. The high interest rate charged by the secured lender indicates the high risk of non-repayment, and consequently, the inability to secure funding from traditional lenders, which charge lower interest rates.

9.2.2.2.4 Disposal of non-core assets

The Company did not have any non-core assets of value to dispose of.

9.2.2.2.5 Dishonoured payments

A review of the Company's banking records reflects no dishonoured payments.

9.2.2.3 *Overdue Commonwealth and State taxes*

The Company entered into a payment arrangement with the ATO on 30 May 2014, resulting in monthly payments of \$15,000 to reduce the outstanding balance. A Garnishee notice was issued on 16 February 2015 for the amount of \$35,427.73 following non-payment under the agreed plan.

9.2.2.4 *Creditor forbearances / indulgences*

There were no winding up orders placed against the Company. The Company was issued with default notices from the secured lender on 14 May and 3 June 2014, before these were waived by the secured lender.

9.2.3 Preliminary conclusion as to solvency

In light of the insolvency indicators discussed above, we are of the opinion that the Company may have been insolvent from as early as 14 May 2014, when the company originally defaulted on its secured debt repayments.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not the Company became insolvent at that time or earlier.

9.3 Potential liquidator recoveries – insolvent trading

We do not believe that there is a claim against the Directors for insolvent trading.

9.3.1 Directors' liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, a director could also be imposed for up to five years.

This action is not a right that is available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- A person must be a director of a company at a time when the company incurs a debt;
- The company must be insolvent at the time or becomes insolvent by incurring the debt; and
- The director must have reasonable grounds for suspecting that the company is insolvent or would become insolvent.

The defences available to directors contained in Section 588H are:

- The directors had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred;
- The directors relied on another competent and reliable person to provide information about whether or not the company was insolvent;
- The directors were ill or for some other good reason did not take part in the management of the company; and
- The directors took reasonable steps to prevent the incurring of debt.

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date; thereby quantifying the loss to the company.

The costs of proceeding with an insolvent trading action must be considered.

Although the Company may have been insolvent from as early as 14 May 2014, the Company was able to negotiate further funding from the Secured Creditor and extend the terms of the debt.

In the event the Company is placed into Liquidation, further investigation would be required.

9.4 Potential liquidator recoveries – voidable transactions

We have identified \$1,083,405 in potential voidable transactions.

A liquidator has the power to void certain transactions which are either not beneficial to, or detrimental to a company. An administrator must identify any transactions that appear to be voidable by a liquidator.

Enclosed at **Annexure D** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to void.

The Administrators have reviewed the books and records, financials and liaised with creditors in the investigations of voidable transactions.

9.4.1 Unfair preferences

A payment to a creditor is preferential if it is made at a time when the Company is insolvent and it results in the recipient receiving a greater return than they would receive if the payment were set aside and the creditor lodged a claim in the liquidation.

Should a liquidator establish any such unfair preference payments, these amounts may be recouped thereby increasing the funds available to ordinary unsecured creditors. If a creditor disgorges an unfair preference payment to a liquidator, the creditor is entitled to prove for a dividend. Therefore, whilst recovering an unfair preference increases the pool of funds available to creditors, it also increases total creditor claims.

Our preliminary investigations into the Company's affairs reveal the following payments may be voidable as unfair preferences:

Creditor Group	For	Amount paid \$
Trade creditors	Informal payment arrangements	610,611
Related parties	Informal payment arrangements	436,452
Australian Taxation Office	BAS & PAYG	36,342
Total		\$1,083,405

Factors which indicate these payments might be unfair preferences are:

Payments in response to winding up applications, statutory demands and other pressure from the creditor;

- Repayment plans with the creditor;
- Significant 'round' payments made to the creditor.

The payments would be protected if the creditor from whom the liquidator seeks to recover;

- Became a party to the transaction in good faith; and
- At the time when they became a party:
 - They had no reasonable grounds for suspecting that the Company was insolvent at that time, or would become insolvent; and
 - A reasonable person in that person's circumstances would have had no such grounds for so suspecting; and,
- Provided valuable consideration under the transaction or has changed their position in reliance on the transaction.

A creditor seeking protection must prove all three elements.

Further, where a creditor received a series of payments as part of a so called 'running account' and their overall indebtedness increases over the same period, the creditor is taken not to have received an unfair preference. This is called 'the running account defence'.

A liquidator would likely seek legal advice on the strength of a claim including the applicability of these defences. It is likely any recovery action commenced by a liquidator would be defended. Therefore, costs are a major consideration.

For the purposes of this report, we estimate potential recoveries from unfair preferences at between \$1,083,405 and Nil. Please note this is an estimate only. There is no guarantee that a liquidator will recover funds or that costs ultimately dissipate the benefit to creditors.

9.4.2 Uncommercial transactions

A liquidator must investigate transactions deemed to be uncommercial, having regard to the detriment to the company suffered as a consequence of the transaction in the period two years prior to the date of administration.

Based on the books and records in my possession I have not identified any transactions which would constitute uncommercial transactions.

In addition, Section 588FDA of the Act refers to “unreasonable director-related transactions” and requires the liquidator to investigate such transactions, having regard to the detriment to the Company (if any) suffered as a consequence of the transaction.

Based on the books and records in our possession, we have not identified any transactions which would constitute unreasonable director-related transactions.

A liquidator, if appointed, would need to conduct further investigations in relation potential uncommercial transactions.

Unfair loans

A liquidator must investigate loans to the Company which may be considered unfair due to extortionate interest rates or charges.

We believe the loan made by Aude Holdings Pty Ltd as trustees for Lastours Investment Trust are not voidable, as the original high interest rate of 60% was renegotiated to 25% and we consider that this reflects the high level of risk in relation to lending to the Company for operations in PNG in circumstances where tenement renewal is subject to a number of stakeholder and regulatory processes.

9.4.3 Voidable transactions - related parties

A liquidator must investigate related party transactions within four years of the date of administration and determine whether any transactions occurred when the company was insolvent or was likely to become insolvent as a result of the transaction.

We have not currently identified any voidable related party transactions.

A liquidator, if appointed, would need to conduct further investigations in relation to potential related party transactions.

9.5 Other potential liquidator recoveries

9.5.1 Compensation for breach of directors duties

We are reviewing the circumstances in which the Mt Kare project was acquired and whether there may have been breaches of duties by the directors at or around that time. Our investigations are continuing.

9.5.1 Arrangements to avoid employee entitlements

Part 5.8A of the Act aims to protect the entitlements of a company’s employees from agreements that deliberately defeat the recovery of those entitlements upon insolvency.

Under Section 596AB(1) of the Act, it is an offence for a person to enter into a transaction or relevant agreement with the intention of, or with intentions that include:

- Preventing recovery of employee entitlements; or
- Significantly reducing the amount of employee entitlements recoverable.

Based on our investigations to date, we have not identified any transactions that would suggest the avoidance of employee entitlements.

9.6 Other matters arising from investigations

9.6.1 Falsification of books

Pursuant to Section 1307 of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1307 will not result in recovery of funds by a liquidator.

The Administrators' preliminary investigations do not reveal any evidence of falsification of books.

9.6.2 False or misleading statements

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge is false or misleading in a material particular.

The Administrators' preliminary investigations do not reveal any evidence of any false or misleading statements.

9.6.3 False information

Pursuant to Section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that is to the knowledge of the officer or employee:

- False or misleading in a particular matter; or
- Has omitted from it a matter the omission of which renders the information misleading in a material respect.

We refer you to our investigations into the allegations of breaches of directors' duties through non-disclosure to the market at section 9.5.1.

9.7 Summary of potential liquidator recoveries

Set out below is a summary of the potential recoveries by a liquidator in the event the Company is wound up:

Potential Recovery Item	High \$	Low \$
Unfair Preferences	1,083,405	Nil
Uncommercial Transactions	Nil	Nil
Unfair Loans	Nil	Nil
Unreasonable Director Related Transactions	Nil	Nil
Transactions Undertaken to Obstruct Creditors' Rights	Nil	Nil
Compensation from Directors for Insolvent Trading	Nil	Nil
Breaches of Directors Duties	Unascertained	Unascertained
Avoidance of Employee Entitlements	Nil	Nil
Debts Incurred by Company as Trustee	Nil	Nil
Holding Company Liability	Nil	Nil
Total	\$1,083,405	Nil

9.8 Directors' ability to pay a liquidator's claims

The Administrators have not received information on the Directors personal asset and liability position. A directors' and officers' insurance policy may respond to certain claims capable of being brought by a liquidator or Trustee of a Creditors' Trust.

9.9 Reports to the ASIC

At the time of writing, we have not identified any offences that require reporting to the ASIC pursuant to Section 438D of the Act.

Section 438D of the Act requires us to lodge a report with the ASIC should we become aware of:

- Any offences committed by a past or present officer of the Company;
- Evidence that money or property has been misapplied or retained;
- Evidence that a party is guilty of negligence, default, breach of duty or breach of trust in relation to the Company.

Creditors should be aware that any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

10 Return to creditors

10.1 Liquidation

Estimated Return to Creditors - Liquidation	Administrator's ERV Low	Administrator's ERV High
Assets subject to Circulating Charges		
Cash at bank	243,452	257,831
Total Assets Subject to Circulating Charge	243,452	257,831
Less Costs of the Administration		
Administrators fees and disbursements	(110,202)	(110,202)
Estimated Administrators fees and disbursements	(45,000)	(45,000)
Liquidators fees and disbursements	(150,000)	(150,000)
*Costs of the Administration	(190,000)	(190,000)
Total Cost of the Administration	(495,202)	(495,202)
Amounts Available to Priority Creditors	(251,750)	(237,371)
Priority creditors employee entitlements	(767,159)	(767,159)
Total priority claims	(767,159)	(767,159)
Surplus / (Deficit) of Circulating Assets	(1,018,909)	(1,004,530)
Less Secured Creditor Claim	(3,229,960)	(3,229,960)
Funds available to unsecured creditors	(4,248,869)	(4,234,490)
Total Voidable Transaction and Other Recoveries	Nil	1,083,405
Less costs of recoveries	Nil	(250,000)
Total estimated assets to be applied to priority creditor claims	Nil	833,405
Total assets available to unsecured creditors	(4,248,869)	(3,401,085)
Unsecured claims	(1,997,474)	(1,997,474)
Estimated surplus / deficiency	(6,246,343)	(4,565,154)
Estimated Dividend Rate (cents in \$)	Nil	Nil

**The costs of the administration do not include a provision for the repayment of the Secured Creditor's funding for the Warden's Hearing of circa \$180,000 which would need to be repaid from available assets should the Company be wound up.*

The above calculations are an estimate only and may change due to:

- The final amount realised from the Mt Kare tenement, which could in effect result in the Secured Creditors' claim being largely or entirely an ordinary unsecured claim.
- Final proving of creditor claims; and
- The costs of litigation to recover any preference and other claims that may come to light.

The funds received from the sale of the Company's assets will be applied to the secured debt due to the security arrangement held by Aude Holdings Pty Ltd as trustees for Lastours Investment Trust. As the proceeds will be insufficient to discharge the debt there will be no funds available to priority or unsecured creditors in a liquidation scenario unless a liquidator is successful in recovering voidable transactions.

If the Company is placed into liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment.

Employees can obtain further information on the eligibility requirements of FEG at [www.employment.gov.au /fair-entitlements-guarantee-feg](http://www.employment.gov.au/fair-entitlements-guarantee-feg).

10.2 Proposed DOCA

Under the proposed DOCA, it is estimated that the dividend payable to creditors is as follows:

Estimated Return to Creditors	Administrator's ERV Low	Administrator's ERV High
DOCA Fund	500,000	500,000
Cash at bank	175,000	190,746
Claims against directors	unascertained	unascertained
Total Available Assets	675,000	690,746
Less Costs of the Administration		
Administrators fees and disbursements	(110,202)	(110,202)
Estimated Administrators fees and disbursements	(45,000)	(45,000)
Estimated Deed Administrators fees and disbursements	(150,000)	(150,000)
Estimated Trustees' fees and disbursements	(75,000)	(75,000)
Costs of the Administration	(190,000)	(190,000)
Total Cost of the Administration	(570,202)	(570,202)
Amounts Available to Class A Creditors	104,798	120,544
Priority creditors employee entitlements	(767,159)	(767,159)
Total Class A claims	(767,159)	(767,159)
Surplus / (Deficit) to Class B Creditors	(662,361)	(646,615)
Estimated Class B Creditors	(1,997,474)	(1,997,474)
Estimated surplus / deficiency	(2,659,835)	(2,644,089)

We have conferred with the proponent who has confirmed that discharge of the Administrator's liability to the Secured Creditor in respect to the limited recourse loan will occur upon the execution of the creditors' trust deed to the extent that the Secured Creditor has not been repaid sooner as a result of either a capital raising or conversion to equity.

Employees are not eligible for FEG assistance in a DOCA scenario, however their entitlements may be dealt with under the possible sale and/or restructuring proposal.

The above calculations are an estimate only and may change due to:

- Changes in the quantum of costs of the DOCA for unforeseen issues;
- Final proving of creditor claims; and
- Compliance with all provisions of the DOCA.

We have set out below a comparison of the estimated returns available to creditors under the proposed DOCA and in a liquidation scenario:

Estimated Return to Creditors - Liquidation	DOCA	Liquidation
Assets subject to Circulating Charges	\$	\$
Cash at bank	190,746	257,831
DOCA Fund	500,000	-
Claims against directors	unascertained	-
Total Available Assets	690,746	257,831
Less Costs of the Administration		
Administrators fees and disbursements	(110,202)	(110,202)
Estimated Administrators fees and disbursements	(45,000)	(45,000)
Estimated Deed Administrators fees and disbursements	(150,000)	-
Estimated Trustees' fees and disbursements	(75,000)	-
Liquidators fees and disbursements	-	(150,000)
*Costs of the Administration	(190,000)	(190,000)
Total Cost of the Administration	(570,202)	(495,202)
Amounts Available to Priority Creditors	120,544	(237,371)
Priority creditors employee entitlements	(767,159)	(767,159)
Total priority claims	(767,159)	(767,159)
Surplus / (Deficit) of Circulating Assets	(646,615)	(1,004,530)
Less Secured Creditor Claim	-	(3,229,960)
Funds available to unsecured creditors	(646,615)	(4,234,490)
Total Voidable Transaction and Other Recoveries	-	1,083,405
Less costs of recoveries	-	(250,000)
Total estimated assets to be applied to priority creditor claims	-	833,405
Total assets available to unsecured creditors	(646,615)	(3,401,085)
Unsecured claims	(1,997,474)	(1,997,474)
Estimated surplus / deficiency	(2,644,089)	(4,565,154)
Estimated Dividend Rate (cents in \$)	Nil	Nil

**As noted above, the costs of the administration in the liquidation scenario do not take into account the funding advanced by the Secured Creditor (which is intended to be forgiven upon effectuation of the DOCA) and that would otherwise be required to be repaid pursuant to the limited recourse loan agreement.*

10.3 Timing of dividend

The timing for the DOCA depends on the satisfaction or waiver of the conditions precedent. At this stage, we would anticipate a distribution to Class A Creditors around December 2015.

11 Administrators' opinion

We recommend that the Company execute the proposed DOCA

Pursuant to Section 439A(4)(b) of the Act, we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for the:

- Administration to end; or
- Company to be wound up; or
- Company to execute a DOCA; or
- The Second Meeting be adjourned for a period not exceeding forty-five (45) business days.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option.

We provide our comments on each alternative below:

11.1 Administration to end

Creditors may resolve that the administration should end if it appears the Company is solvent or, for some other reason, control of the Company should revert to its directors.

Based on our preliminary investigations and analysis of the Company's financial information, the Company is insolvent. There appears to be no valid commercial reason why control of the Company should revert to its directors.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. In those circumstances, we are unable to say what the Company ultimately pay creditors or what costs it may incur.

Therefore, our opinion is that it is not in the creditors' interest for the administration to end.

11.2 DOCA

We are of the opinion that the DOCA proposal put forward by Kandahar Holdings Pty Ltd should be accepted by creditors as it seeks to meet the first objective of the Act – preservation of the Company and its business and therefore represents the best prospect for ongoing employment for the Company's staff and for suppliers to potentially benefit from future trading with the Company.

For ordinary unsecured creditors, there is no immediate return anticipated under the DOCA unless claims against the former directors are identified and successfully pursued.

11.3 Winding up of the Company

Based on the information in the Report, detailed particularly in section 5 of this Report, where the Company is wound up, prima facie any return would be contingent on the realisation of the Company's interest in SDL and potential recoveries of voidable transactions. As detailed in this Report, it is unlikely that there will be a return to ordinary unsecured creditors though employees would have access to the FEG scheme for their entitlements in a liquidation scenario.

A liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of the Company. A liquidator will also be empowered to:

- Complete the sale of assets in an orderly manner.
- Assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by the Company.
- Pursue various potential recoveries under the Act.
- Distribute recoveries made in accordance with the priority provisions of the Act.
- Report to the ASIC on the results of investigations into the Company's affairs.

12 Further information and enquiries

The ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au

We will advise creditors in writing of any additional matter that comes to our attention after the release of this report, which in our view is material to creditors' consideration.

Should you have any enquiries, please contact Max Gould of this office.

Dated this 4th day of May 2015



Martin Jones
Administrator

Glossary of terms

Abbreviation	Description
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	Martin Jones and Darren Weaver, Ben Johnson
APAAP	All present and after-acquired property – no exceptions
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
Code	ARITA Code of Professional Practice
COC	Committee of Creditors
Company / Indochine	Indochine Mining Limited
Directors	Dermott McVeigh, Keith Murray and Craig Dawson
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
First Meeting	First meeting of creditors held on 10 April 2015
FY	Financial year
MRA	Mineral Resource Authority
PMSI	Purchase Money Security Interest
PNG	Papua New Guinea
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register
RATA	Report as to Affairs
Report	This report, prepared pursuant to Section 439A of the Act
ROT	Retention of Title
SDL	Summit Development Limited
Second Meeting	Second meeting held pursuant to Section 439A of the Act, where creditors determine the future of the Company.
Secured Creditor / Secured Lender	Aude Holdings Pty Ltd as trustee for the Lastours Investment Trust

Annexure

A Kandahar Holdings Pty Ltd - Deed of Company Arrangement Proposal

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1. Parties

- 1.1. Martin Jones, Darren Weaver and Ben Johnson, all of Ferrier Hodgson, Level 28 Bankwest Tower, 108 St Georges Terrace, Perth WA 6008 (**Administrators, Deed Administrators and Trustees of the Creditors' Trust**).
- 1.2. Indochine Mining Limited (Administrators Appointed), ACN 141 677 385 (**the Company**).
- 1.3. Kandahar Holdings Pty Ltd, ACN 605 383 828 of 39 Richardson Street, West Perth WA 6005 (**Proponent**).

2. Introduction

- 2.1. On 27 March 2015 the Company's directors resolved that, in their opinion, the Company was insolvent or was likely to become insolvent at some future time and that administrators of the Company should be appointed pursuant to section 436A of the Corporations Act 2001.
- 2.2. On 27 March 2015 the Administrators, having consented in writing to an appointment as administrators of the Company and such consent not having been withdrawn, pursuant to section 436A of the Corporations Act 2001, were appointed Administrators of the Company.
- 2.3. The Proponent wishes to make a proposal to the Company's creditors to restructure the Company's financial position through a deed of company arrangement (**DOCA**) that will result in the continuation of the Company's business and provide a better return to the Company's creditors than they would receive if the Company is placed into liquidation.

3. Definitions

- 3.1. "**Act**" means the *Corporations Act 2001* (Cth);
- 3.2. "**Administration**" has the same meaning ascribed to this term in section 9 of the Act;
- 3.3. "**Available Property**" means the property that is to be available to pay Creditors' Claims of Class A Creditors and Class B Creditors under this proposal as set out in clause 6 of this proposal;
- 3.4. "**Business Day**" means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

- 3.5. **“Cash at Bank”** means the actual positive cash figure as represents the amount of money held by the Company or the Administrators for the purposes of the administration of the Company In any and all bank accounts from time to time;
- 3.6. **“Claim”** includes a claim, demand, debt, action, proceeding, suit, cost, charge, expense, damage, loss and other liability;
- 3.7. **“Class A Creditor”** means each Priority Creditor Claim against the Company.
- 3.8. **“Class B Creditors”** means all creditors of the Company, excluding Class A Creditors and the Secured Creditor, for their claims against the Company as adjudicated by the Company’s Administrators;
- 3.9. **“Corporations Regulations”** means the *Corporations Regulations 2001 (Cth)*;
- 3.10. **“Conditions Precedent”** means the conditions precedent listed in clause 7.5;
- 3.11. **“Court”** has the meaning set out in section 58AA of the Act (for the avoidance of doubt being the definition attributed to the capitalised word “Court” in that section);
- 3.12. **“Creditor”** means a person who has a debt payable by or claim against the Company whether present or future, certain or contingent, ascertained or sounding only in damages, the circumstances giving rise to which occurred on or before the Relevant Date;
- 3.13. **“Creditor’s Claim”** means, in relation to a Creditor, the Creditor’s debt payable by or claim against the Company whether present or future, certain or contingent, ascertained or sounding only in damages, the circumstances giving rise to which occurred on or before the Relevant Date;
- 3.14. **“Directors”** mean Dermott McVeigh, Craig Dawson and Keith Murray;
- 3.15. **“DOCA”** means the Deed of Company Arrangement proposed in this document;
- 3.16. **“Excluded Assets”** means:
- 3.16.1. The First Loan Amount;
 - 3.16.2. All amounts owing to the Company from its subsidiary companies, including the debts owed to the Company by Summit and those subsidiary companies that form part of the Available Property.
 - 3.16.3. The Company’s shareholding in Summit.
 - 3.16.4. Any and all interests in the Mt Kare Project.
 - 3.16.5. Any and all intellectual property rights owned by the Company.
 - 3.16.6. Any assets of Summit held by the Company for or on behalf of Summit, including (without limitation) any intellectual property rights owned by or licensed to Summit.
 - 3.16.7. Any claims that the Company may have against the Company’s Directors.
- 3.17. **“First Loan Amount”** means \$50,000.

- 3.18. **“Mt Kare Project”** means exploration license number 1093 issued to Summit by the Government in Papua New Guinea.
- 3.19. **“Participating Creditors”** means collectively the Class A Creditors and the Class B Creditors.
- 3.20. **“Participating Creditors’ Claims”** means in relation to a Participating Creditor, the Participating Creditor’s debt payable by or claim against the Company whether present or future, certain or contingent, ascertained or sounding only in damages, the circumstances giving rise to which occurred on or before the Relevant Date.
- 3.21. **“Party”** means the Administrators, the Company or the Directors, according to the context; and “Parties” has a corresponding meaning;
- 3.22. **“Prescribed Provisions”** means those provisions which are prescribed for the purposes of section 444A(5) of the Act, namely, the provisions set out in Schedule 8A of the Corporations Regulations;
- 3.23. **“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 winding up was taken 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; and
- 3.24. **“Priority Creditor’s Claim”** means in relation to a Priority Creditor within the definition of “Priority Creditor” — the Priority Creditor’s 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 winding up was taken 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;
- 3.25. **“Proponent’s First Loan”** has the meaning given to that term in clause 7.1;
- 3.26. **“Proponent’s Second Loan”** has the meaning given to that term in clause 7.7.1;
- 3.27. **“Relevant Date”** means 27 March 2015;
- 3.28. **“Secured Creditor”** means Aude Holdings Pty Ltd in its capacity as trustee of the Lastours Investment Trust;
- 3.29. **“Second Loan Amount”** means \$450,000;
- 3.30. **“Secured Creditor’s Rights”** means the right to a sum exceeding \$3.2 million owing by the Company to the Secured Creditor in respect of the Company’s secured loan facility, including the rights set out in and secured by *inter alia* a general security agreement on all of the Company’s assets granted by the Company to the Secured Creditor as registered on the Personal Property Security Register with registration 201402100035579;

- 3.31. “**Shareholders’ Meeting**” has the meaning given to that term in clause 7.6;
- 3.32. “**Summit**” means Summit Development Limited, a company registered in Papua New Guinea and the holder of exploration license number 1093 in Papua New Guinea;
- 3.33. “**Termination Date**” means the date on which this Deed terminates in accordance with clause 8 of this proposal;

4. DOCA

- 4.1. The Company’s Administrators will present this proposal for a Deed of Company Arrangement (DOCA) to the Company’s creditors at a meeting convened by the Administrators pursuant to section 439A of the Act on or before 14 May 2015 (**Creditors’ Meeting**).
- 4.2. At the Creditors’ Meeting the Administrators will provide the Company’s creditors with a copy of this proposal.
- 4.3. If this proposal is approved at the Creditors’ Meeting, the Administrators will instruct their solicitors to prepare the DOCA and a trust deed (**Trust Deed**) for the establishment of a Trust (**Creditors’ Trust**).
- 4.4. The beneficiaries of the Creditors’ Trust will be the Company’s unsecured creditors classified as follows:
- 4.4.1. A class of creditors identified as ‘**Class A Creditors**’ to comprise the Company’s Priority Creditors for each Priority Creditor’s Claim.
- 4.4.2. A class of creditors identified as ‘**Class B Creditors**’ including all creditors of the Company but excluding Class A Creditors and the Secured Creditor.
- 4.5. The Administrators’ remuneration and expenses for administering their duties as Administrators and Deed Administrators will be approved by the Company’s creditors at duly convened meetings as set out in the Corporations Act 2001 and such remuneration and expenses will be afforded the same priority out of the Available Property as would be available to the Administrators in a winding up on the Company pursuant to s556 of the Corporations Act 2001.
- 4.6. The Company’s creditors participating in distributions from the Creditors’ Trust will be paid as follows:
- 4.6.1. Firstly, all remuneration and expenses of the Administrators, Deed Administrators and Trustees will be paid in full;
- 4.6.2. Secondly, a distribution will be made to Class A Creditors; and

- 4.6.3. 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 s556 of the *Corporations Act 2001* (Cth).
- 4.7. Within 15 business days of obtaining a resolution of the Company's creditors at the Creditors' Meeting, the Proponent, the Company and the Administrators will execute a DOCA in terms materially consistent with this proposal.

5. Appointment of Deed Administrator and Trustee of the Creditors' Trust

- 5.1. The Company will appoint the deed administrators, and the Administrators will accept their appointment, as deed administrators of the Company.
- 5.2. The Deed Administrators are and act as the agents of the Company.
- 5.3. The Deed Administrators will, upon satisfaction or waiver of the Conditions Precedent, cause the establishment of the Creditors' Trust and act as trustees of the Creditors' Trust.
- 5.4. For the purpose of administering this Deed the Deed Administrators have all the powers specified in clause 2 of the Prescribed Provisions, and also (without limitation) the following powers:
- 5.4.1. to realise and administer assets available for the payment of Creditors' Claims in accordance with the provisions of this proposal;
 - 5.4.2. to assist in the capital raising by the Company, including convening shareholders' meetings and issuing new shares (subject to shareholders' approval), removing directors and appointing directors;
 - 5.4.3. to remove from office a director of the Company and appoint a person as a director of the Company, whether to fill a vacancy or not;
 - 5.4.4. to bring, prosecute and defend in the name and on behalf of the Company, or in the name of the Deed Administrators any action, suits or proceedings relevant to the obligations under this Deed;
 - 5.4.5. to convene and hold meetings of the Creditors and members of the Company for any purpose authorised by the Deed Administrators;
 - 5.4.6. to make interim or other distributions of property available for the payment of Creditors' Claims as provided in this Deed;
 - 5.4.7. to appoint a solicitor, accountant or other professionally qualified person to assist the Deed Administrators;

- 5.4.8. to permit any person authorised by the Deed Administrators to operate any account in the name of the Company;
 - 5.4.9. to liaise with any government or regulatory body (including the Australian Securities and Investments Commission) for any purpose associated with the business or affairs of the Company;
 - 5.4.10. to do all things or execute all documents or deeds in the name of and on behalf of the Company;
 - 5.4.11. to execute and do all things reasonably necessary or convenient to be done to give effect to this proposal; and
 - 5.4.12. to do anything that is incidental to exercising a power set out in this proposal or the Act;
 - 5.4.13. to bring, prosecute and defend in the name and on behalf of the Company, or in the name of the Deed Administrators any action, suits or proceedings against any former director of the Company. For the avoidance of doubt, the Deed Administrator does not have authority to commence or continue any proceedings against the Company's Directors.
- 5.5. Any debts payable by or Claims against the Company the circumstances giving rise to which occur after the execution of the DOCA are not liabilities of the Deed Administrator.

6. Available property

- 6.1. The assets of the Creditors' Trust (**Available Property**) will comprise:
- 6.1.1. The balance of cash at bank that was held by the Administrators immediately prior to the execution of the DOCA;
 - 6.1.2. The proceeds from the Second Loan Amount;
 - 6.1.3. All shareholdings in other companies owned by the Company, but excluding the Company's shareholding in Summit;
 - 6.1.4. Any recovery from claims made by the Trustees against any former director of the Company.
- 6.2. The Available Property does not include the Excluded Assets.
- 6.3. The Deed Administrators are open to conduct one or more bank accounts in the name of the Creditors' Trust to hold the funds from the Available Property.
- 6.4. The Available Property may only be applied in accordance with the DOCA.

7. Proponent's Loan, Equity investments and Conditions Precedent

- 7.1. The Proponent or its nominees will make a loan to the Company for the First Loan Amount payable within 14 days of the execution of the DOCA (**Proponent's First Loan**).
- 7.2. The Deed Administrators will be at liberty to amend the dates for payment of the Proponent's First Loan up to a maximum of 90 days without seeking approval from the Company's creditors.
- 7.3. Completion of the DOCA is subject to the satisfaction or waiver of the Conditions Precedent. The Condition Precedent set out at clause 7.5.1 is not capable of being waived. The Conditions Precedent set out at clauses 7.5.2, 7.5.3 and 7.5.4 May only be waived by the Proponent in writing.
- 7.4. If the DOCA terminates, then the Proponent's First Loan will be repayable to the Proponent, less any third party expenses that have been incurred by the Deed Administrators that directly relate to their efforts to convene the Shareholders' Meeting.
- 7.5. The Conditions Precedent are as follows:
 - 7.5.1. The approval of the Company's creditors of the DOCA at the Creditors' Meeting;
 - 7.5.2. The approval of the Company's shareholders of the recapitalisation proposal set out in clause 7.6 at the Shareholders' Meeting;
 - 7.5.3. The Proponent providing the Deed Administrators with a notice stating that Summit's interest in exploration license number 1093 in Papua New Guinea has been preserved on terms and conditions that are acceptable to the Proponent;
 - 7.5.4. Confirmation from the ASX that the Company will not be required to re-comply with ASX listing rules 1 and 2.
- 7.6. 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 (**Shareholders' Meeting**) in accordance with the Company's constitution for the purpose of considering and approving:
 - 7.6.1. A consolidation of the Company's existing shares on issue at a ratio of 400:1;
 - 7.6.2. Cancellation of all existing options to acquire shares in the Company;
 - 7.6.3. The issue of 10 million ordinary shares to the Proponent or its nominees; and
 - 7.6.4. 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.

- 7.7. Following satisfaction or waiver of the Conditions Precedent:
- 7.7.1. The Proponent or its nominees will make a loan to the Company for the Second Loan Amount payable within 14 days of the satisfaction or waiver of the Conditions Precedent (**Proponent's Second Loan**); and
 - 7.7.2. The Proponent's First Loan and the Proponent's Second Loan will convert into the equity in the Company set out in clause 7.6.3 and 7.6.4, and the Administrators and Deed Administrators' liability to repay the Proponent's loan will be extinguished; and
 - 7.7.3. The Company must:
 - a) issue and allot the equity securities set out in clause 7.6.3 and 7.6.4 as soon as practicable after the Proponent loans the Company the Second Loan Amount; and
 - b) arrange for the ordinary shares set out in clause 7.6.3 to be quoted on the market operated by ASX Limited as soon as practicable after being issued and allotted by the Company.
- 7.8. 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.
- 7.9. The Deed Administrators must transfer the Available Property to the Creditors' Trust within 5 business days of the date that the Proponent pays the Second Loan Amount.

8. Termination

- 8.1. The DOCA automatically terminates when any of the following conditions are met:
- 8.1.1. The Deed Administrators have transferred the Available Property to the Creditors' Trust;
 - 8.1.2. The Court makes an order terminating the DOCA;
 - 8.1.3. 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;
 - 8.1.4. The Company's creditors pass a resolution terminating the DOCA at a meeting that was convened pursuant to section 445F of the Act.
- 8.2. If the Deed Administrators have transferred the available Property to the Creditors' Trust in accordance with the DOCA, then the Deed Administrators must, within 5 business days after distribution, lodge a written notice with the Australian Securities and Investments Commission in the following form:

Indochine Mining Limited (Subject to Deed of Company Arrangement) (ACN 141 677 385)

We, Martin Jones, Darren Weaver and Ben Johnson all of Ferrier Hodgson, Level 28, Bankwest Tower, 108 St Georges Terrace, Perth, Western Australia, Deed Administrators of the deed of company arrangement executed by Indochine Mining Limited (Subject to Deed of Company Arrangement) (ACN 141 677 385) on [insert date] hereby certify that the deed has been wholly effected and is terminated upon lodgement of this notice with the Australian Securities and Investments Commission.

8.3. On termination of the DOCA in accordance with clause 8.1.1 of this proposal, 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 books and records created after the Relevant Date, which the Deed Administrators are required by law to retain.

8.4. The termination of the DOCA will not affect:

8.4.1. the previous operation of the DOCA; or

8.4.2. the enforceability of any accrued obligations under the DOCA. For that purpose where the termination of this Deed is followed by the winding up of the Company:

a) the liquidators may enforce any obligation under the DOCA owed to the Deed Administrators; and

b) may do so as if the liquidators had been a party to the DOCA at the execution of the DOCA in the place of the Deed Administrators.

9. Release of claims

9.1. On termination of the DOCA, the Company is released from all Participating Creditors' Claims and it is agreed that there is no consideration payable in respect of the releases provided.

9.2. 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.

9.3. Where there have been mutual credits, mutual debts or other mutual dealings between the Company and a Participating Creditor:

9.3.1. an account must be taken of what is due from the one party to the other in respect of those mutual dealings;

9.3.2. the sum due from one party is to be set off against any sum due from the other party;

9.3.3. only the balance of the account (if any) in favour of the Participating Creditor as against the Company is to be released;

- 9.3.4. only the balance of the account (if any) in favour of the Company as against the Participating Creditor, is payable by the Participating Creditor to the Company.
- 9.4. 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.
- 9.5. For the avoidance of doubt, the procedure set out in clause 9.4 is intended to entitle a Participating Creditor to claim a set-off (if any) as may be available pursuant to section 553C of the Act as against any liability to the Company as if the Company was subject to a winding up so that the balance of the account (if any):
- 9.5.1. in favour of the Participating Creditor is admissible to proof under the Trust Deed without giving rise to any obligation on the Company following the termination of this Deed to pay any monies to the Participating Creditor; and
- 9.5.2. in favour of the Company is payable by the Participating Creditor to the Company,
- and to the extent that there may be any inconsistency between application of the procedure set out in this proposal and the application of section 553C of the Act, section 553C of the Corporations Act will prevail and will apply with immediate and automatic effect in the manner provided for by that provision.
- 9.6. Each Participating Creditor accepts the Participating Creditor's entitlement under the DOCA in full satisfaction of the Participating Creditor's Claim.
- 9.7. 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.
- 9.8. 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.

10. Abandonment by creditors who do not prove

10.1. 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:

- 10.1.1. fails to submit a formal proof of debt or claim in respect of the Creditor's Claim; or
- 10.1.2. having submitted a formal proof of debt or claim in respect of the Creditor's Claim which is rejected, falls to appeal to the Court against the rejection, within the time allowed for such appeal under the Act and the Corporations Regulations.

11. Remuneration

11.1. Subject to clause 18.2, the Deed Administrators' remuneration for the Deed Administrators' services as administrators of this Deed is fixed at the amount calculated as follows:

Remuneration = Time x Firm Rates where:

Time means the time actually spent by the Deed Administrators and any of the Deed Administrators' partners or employees in performance of the services (to be calculated in 6 minute units or part of them); and

Firm Rates means the following hourly rates for persons having the job description of the Deed Administrators and the Deed Administrators' partners and employees performing the services;

Partner:	\$595
Director:	\$495
Senior Manager:	\$455
Manager:	\$385
Supervisor:	\$345
Senior 1:	\$295
Senior 2:	\$265
Intermediate 1:	\$225
Intermediate 2;	\$140
Senior Secretary:	\$180
Accounts Clerk:	\$115
Junior/Filing:	\$115

11.2. The Deed Administrators' remuneration for the Deed Administrators' services as administrators of the DOCA is not to exceed \$200,000 or such greater amount as is approved from time to time under section 449E of the Act.

- 11.3. 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.
- 11.4. 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.
- 11.5. The Deed Administrators may draw the Deed Administrators' remuneration and reimbursement at the end of each month.

12. Deed Administrators' indemnity

12.1. The Deed Administrators and the Administrators are entitled to be indemnified out of the Available Property for:

12.1.1. as to the Deed Administrators:

- a) the Deed Administrators' remuneration and reimbursement under the DOCA;
- b) all Claims arising out of, in connection with or incidental to any debts incurred by the Company, the Deed Administrators or the Deed Administrators partners or employees in the course of the administration of the DOCA; and
- c) all Claims, other than a Claim by the Company, against the Deed Administrators or the Deed Administrators' partners or employees, arising out of, in connection with or incidental to the Deed Administrators' administration of the DOCA; and

12.1.2. as to the Administrator:

- a) the Administrators' remuneration and reimbursement as administrators of the Company pursuant to Part 5.3A of the Act;
- b) all Claims arising out of, in connection with or incidental to any debts incurred by the Company, the Administrators or the Administrators' partners or employees in the course of the administration of the Company pursuant to Part 5.3A of the Act; and
- c) all Claims, other than a Claim by the Company, against the Administrators or the Administrators' partners or employees, arising out of, in connection with or incidental to the Administrators' administration of the Company pursuant to Part 5.3A of the Act.

- 12.2. The Deed Administrators and the 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:
- 12.2.1. any fraudulent or negligent act or omission by the Deed Administrators or the Deed Administrators' partners or employees and the Administrators or the Administrators' partners or employees;
 - 12.2.2. any act or omission done or omitted to be done by the Deed Administrators or the Deed Administrators' partners or employees and the Administrators or the Administrators' partners or employees:
 - a) in breach of good faith; or
 - b) in contravention of any provision of sections 180 to 184 inclusive of the Act; or
 - 12.2.3. any act done by the Deed Administrators or the Deed Administrators' partners or employees and the Administrators or the Administrators' partners or employees outside the powers of the Deed Administrators and the Administrators under this Deed or the Act.
- 12.3. The Deed Administrators' and Administrators' right of indemnity has priority as a Priority Creditor's Claim.
- 12.4. The Deed Administrators and the Administrators are entitled to exercise the Deed Administrators' and Administrators' right of indemnity conferred by the DOCA whether or not the Deed Administrators or the Administrators have paid or satisfied the Claims.
- 12.5. The Deed Administrators and the Administrators are entitled to exercise a lien on the Available Property to secure the Deed Administrators' and the Administrators' right of indemnity.
- 12.6. Nothing in the DOCA affects or limits the operation of Subdivision B of Division 9 of Part 5.3A of the Act.
- 12.7. Nothing in the DOCA affects the Secured Creditor's priority in respect of the Secured Creditor's Rights, or its ability to exercise or enforce the Secured Creditor's Rights at any time.

13. Members rights exercisable by Deed Administrators

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

- 13.2. For the purpose of the Deed Administrator exercising the rights and powers of the Company's members in general meeting, until this Deed terminates each member of the Company irrevocably appoints the Deed Administrators to be the attorney of the member with full power for and on behalf of and in the name of the member 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:
- 13.2.1. the Deed Administrators being appointed as the member's proxy to attend and vote instead of the member at a meeting of the Company; or
 - 13.2.2. passing a resolution without a general meeting being held in accordance with section 249A or section 249B of the Act.

14. Committee of inspection

- 14.1. In order to advise and assist the Deed Administrators there may be a committee of inspection.
- 14.2. 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 to the DOCA:
- 14.2.1. sections 548 to 551 inclusive of the Act; and
 - 14.2.2. regulations 5.6.12 to 5.6.36A inclusive of the Corporations Regulations.

15. Exclusion of Prescribed Provisions

- 15.1. Except where expressly included in this Deed the Prescribed Provisions are excluded from the DOCA.

16. Further assurance

- 16.1. 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.

17. Costs and outlays

- 17.1. 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.
- 17.2. The Proponent's costs and outlays connected with the negotiation, preparation and execution of this Deed are his own.

17.3. 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.

18. Governing law and jurisdiction

18.1. The law of Western Australia will govern the DOCA.

18.2. The parties submit to the exclusive jurisdiction of the Court and agree that any lawsuit must be heard, if at all, in the Court.

Annexure

B Remuneration approval request report

Corporations Act 2001
Section 449E

Indochine Mining Limited
(Administrators Appointed) (the Company)
ACN 141 677 385

Remuneration approval request report

1 Declaration

We, Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

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2 Executive summary

2.1 Summary of remuneration approval sought for the Company

To date, no remuneration has been approved and paid in the administration of the Company. This remuneration report details approval sought for the following fees:

Period	Amount (ex GST) \$
Voluntary administration	
Resolution 1: 27 March 2015 to 30 April 2015	109,930
Resolution 2: 1 May 2015 to 13 May 2015	45,000
Resolution 3: 13 May 2015 to execution of DOCA (if applicable)	25,000
Total – voluntary administration	179,930
Deed of company arrangement (DOCA) and Creditors' Trust (if applicable)	
Resolution 4: Execution of DOCA to wholly effectuation/termination	125,000
Resolution 5: Wholly effectuation of DOCA to finalisation of Creditors' Trust	75,000
Total – deed of company arrangement* (if applicable)	200,000
Liquidation (if applicable)	
Resolution 6: 13 May 2015 to finalisation of Liquidation	150,000
Total – liquidation* (if applicable)	150,000

* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

3 Statement on remuneration

3.1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner as follows:

3.1.1 Time based (hourly rates)

This is the most common method. The total fee charged is calculated by reference to the hourly or time unit rate charged for each person who carries out the work multiplied by the number of hours spent by each person on necessary work properly performed.

3.1.2 Fixed fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise the administration for a fixed fee.

3.1.3 Percentage

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

3.1.4 Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

3.2 Remuneration method chosen

Given the nature of this administration, we propose that the remuneration of the Administrators be calculated using the time based method. Time based remuneration is appropriate in this administration given:

- It ensures actual time is billed at an hourly rate applicable to staff experience;
- It ensures that remuneration claimed is only for necessary work properly performed in the administration; and
- It covers tasks required to be undertaken in the administration which not only relate to asset realisations but also to reporting requirements and other tasks of an administrative or statutory nature.

3.3 Explanation of hourly rates

The hourly rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take. The hourly rates encompass the total cost of providing professional services and should not be compared to an hourly wage as detailed in the table below:

Title	Rate / hour	Experience
Partner / Appointee	\$595	The Partner / Appointee is a registered liquidator and member of the ICAA and, generally, ARITA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee(s), please visit our website at www.ferrierhodgson.com .
Executive Director	\$525	The Executive Director is a registered liquidator and member of the ICAA and, generally, ARITA, bringing specialist skills to the administration or insolvency task.
Director	\$510	Generally, minimum of 12 years' experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, ARITA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	\$465	Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, ARITA; very strong knowledge of relevant insolvency legislation and issues.
Manager	\$400	Generally, 5 to 7 years' chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, ARITA; sound knowledge of relevant insolvency legislation and issues.
Assistant Manager	\$360	Generally, 4 to 6 years' chartered accounting or insolvency management experience. University degree; member of the ICAA; completing ARITA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior Analyst	\$305	Generally, 2 to 4 years' chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.
Analyst	\$270	Generally, 2 to 3 years' chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Accountant	\$230	0 to 2 years' experience. Has completed or substantially completed, on a part-time basis, a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Junior Accountant	\$150	0 to 1 years' experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Personal / Team Assistant	\$180	Appropriate skills including machine usage.
Accounts Supervisor / Assistant	\$180	Generally non-qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Administration Supervisor / Assistant	\$140	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Creditor approval will be sought prior to the application of any new rates to this administration.

4 Description of work completed / to be completed

4.1 Resolution 1

Company: Indocheme Mining Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: 27 March 2015 to 30 April 2015

Task area	General description	Includes
Assets 55.2 hours \$25,672 (excl GST)	Sale of business as a going concern	<ul style="list-style-type: none"> Preparing and maintaining a data room Liaising with interested parties Reviewing draft DOCA's and liaising with proponents on terms Internal meetings to discuss / review offers received
	Other Assets	<ul style="list-style-type: none"> Liaising with PNG Minerals and Resources Authority on renewal of exploration licence
Creditors 90.3 hours \$29,422 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor reporting	<ul style="list-style-type: none"> Discussions with secured creditor Responding to secured creditor's queries Preparing and distributing reports to secured creditor
	Creditor reports	<ul style="list-style-type: none"> Preparing report on appointment of administrators Preparing report on results of investigation, meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt when not related to a dividend
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> Responding to shareholder queries
Employees 8.6 hours \$3,429	Employee enquiries	<ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to creditors and their representatives via

Task area	General description	Includes
(excl GST)		<ul style="list-style-type: none"> facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	<ul style="list-style-type: none"> Reviewing employee files and Company's books and records Reconciling superannuation accounts Liaising with solicitors regarding entitlements
Trade on	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system
26.1 hours \$11,775 (excl GST)	Budgeting and financial reporting	<ul style="list-style-type: none"> Reviewing Company's budgets and financial statements Meetings to discuss trading position Negotiations with secured creditor in respect of securing funding
Investigation	Conducting investigation	<ul style="list-style-type: none"> Collection of Company books and records Reviewing Company's books and records Review and preparation of Company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file Meetings with parties in respect of allegations against the directors. Consider material provided by third parties on potential directors' duty breaches.
		<ul style="list-style-type: none"> General correspondence
Administration	Correspondence	<ul style="list-style-type: none"> First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Document maintenance / file review / checklist	
	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
81.9 hours \$27,149 (excl GST)	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding

Task area	General description	Includes
		specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparing BASs
	Planning / review	Discussions regarding status / strategy of administration

4.1.1 Calculation of remuneration

Resolution 1

Employee	Position	Rate ex GST (\$/Hour)	Total		Task Area													
			(Hrs)	(\$)	Assets		Creditors		Employees		Trade On		Investigation		Dividend		Administra	
					(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Jones, Martin	Partner	595	26.2	15,577	7.9	4,712	6.5	3,844	-	-	1.8	1,071	0.4	238	-	-	9.6	5,
Weaver, Darren	Partner	590	0.8	472	0.5	295	0.1	59	-	-	-	-	-	-	-	-	0.2	1
Field, Malcolm	Director	510	84.6	43,146	27.6	14,076	14.5	7,395	3.0	1,530	14.6	7,446	16.5	8,415	-	-	8.4	4,
Powell, Sean	Director	510	1.1	561	-	-	-	-	-	-	-	-	1.1	561	-	-	-	-
McCann, Lauren	Assistant Manager	360	74.2	26,712	16.8	6,048	16.8	6,048	4.7	1,692	7.9	2,844	6.4	2,304	-	-	21.6	7,
Shah, Nirav	Accountant	230	2.1	483	-	-	0.2	46	-	-	-	-	1.0	230	-	-	0.9	2
Gould, Max	Accountant	230	85.2	19,596	2.4	552	52.2	12,006	0.9	207	1.6	368	1.5	345	-	-	26.6	6,
George, William	Accountant	230	2.9	667	-	-	-	-	-	-	0.2	46	1.7	391	-	-	1.0	2
Caldera, Genevieve	Team Assistant	180	0.9	162	-	-	-	-	-	-	-	-	-	-	-	-	0.9	1
Titlestad, Jacqui	Team Assistant	180	10.0	1,800	-	-	-	-	-	-	-	-	-	-	-	-	10.0	1,
Jamieson, Amy	Accounts Supervisor	140	0.6	84	-	-	-	-	-	-	-	-	-	-	-	-	0.6	8
Newland, Jacob	Admin Assistant	140	0.5	70	-	-	-	-	-	-	-	-	-	-	-	-	0.5	7
Herriman, Samuel	Admin Assistant	140	0.8	112	-	-	-	-	-	-	-	-	-	-	-	-	0.8	1
Total (excluding GST)			290.7	109,930	55.2	25,672	90.3	29,422	8.6	3,429	26.1	11,775	28.6	12,484	-	-	81.9	27
GST				10,993		2,567		2942		343		1,177		1,248				2,
Total (including GST)				120,923		28,239		32,364		3,772		12,952		13,732				29
Average Hourly Rate				378		465		326		399		451		437				3

4.2 Resolution 2

Company: Indochine Mining Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: 1 May 2015 to 13 May 2015

Task area	General description	Includes
Assets 13.0 hours \$5,360 (excl GST)	Sale of business as a going concern	<ul style="list-style-type: none"> Preparing and maintaining a data room Liaising with interested parties Reviewing draft DOCA's and liaising with proponents on terms Internal meetings to discuss / review offers received
	Other assets	<ul style="list-style-type: none"> Liaising with PNG Minerals and Resources Authority on renewal of exploration licence
Creditors 66.0 hours \$25,000 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Secured creditor reporting	<ul style="list-style-type: none"> Discussions with secured creditors Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Preparing report on results of investigation, meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt
	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Respond to stakeholder queries and questions immediately following meeting
Shareholder enquires	<ul style="list-style-type: none"> Responding to shareholder queries 	
Employees 8.0 hours \$2,790 (excl GST)	Employee enquiries	<ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employees and their representatives via facsimile, email and post
	Calculation of entitlements	<ul style="list-style-type: none"> Reviewing employee files and Company's books and records

Task area	General description	Includes
		<ul style="list-style-type: none"> Reconciling superannuation accounts Liaising with solicitors regarding entitlements
Trade on	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system
9.0 hours \$2,070 (excl GST)	Budgeting and financial reporting	<ul style="list-style-type: none"> Reviewing Company's budgets and financial statements Meetings to discuss trading position
Investigation		
9.0 hours \$3,620 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file
Administration		
18.6 hours \$6,160 (excl GST)	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> Filing of documents Updating checklists
	Insurance	<ul style="list-style-type: none"> Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	Planning / review	Discussions regarding status / strategy of administration

4.2.1 Calculation of remuneration

Resolution 2

Employee	Position	Rate ex GST (\$/Hour)	Total		Task Area												
			(Hrs)	(\$)	Assets		Creditors		Employees		Trade On		Investigation		Dividend		Admi
					(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)
Jones, Martin	Partner	595	20.0	11,900	2.0	1,190	12.0	7,140	-	-	-	-	2.0	1,190	-	-	4.0
Field, Malcolm	Director	510	22.0	11,220	4.0	2,040	12.0	6,120	2.0	1,020	-	-	2.0	1,020	-	-	2.0
McCann, Lauren	Assistant Manager	360	27.0	9,720	4.0	1,440	16.0	5,760	3.0	1,080	-	-	2.0	720	-	-	2.0
Shah, Nirav	Accountant	230	18.0	4,140	-	-	11.0	2,530	-	-	5.0	1,150	-	-	-	-	2.0
Gould, Max	Accountant	230	30.0	6,900	3.0	690	15.0	3,450	3.0	690	4.0	920	3.0	690	-	-	2.0
George, William	Accountant	230	1.0	230	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Caldera, Genevieve	Team Assistant	180	1.0	180	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Titlestad, Jacqui	Team Assistant	180	1.0	180	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Jamieson, Amy	Accounts Supervisor	180	0.6	112	-	-	-	-	-	-	-	-	-	-	-	-	0.6
Newland, Jacob	Admin Assistant	140	2.0	280	-	-	-	-	-	-	-	-	-	-	-	-	2.0
Herriman, Samuel	Admin Assistant	140	1.0	138	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Total (excluding GST)			123.6	45,000	13.0	5,360	66.0	25,000	8.0	2,790	9.0	2,070	9.0	3,620	-	-	18.6
GST				4,500		536		2,500		279		207		362			-
Total (including GST)				49,500		5,896		27,500		3069		2277		3982			-
Average Hourly Rate				364		412		379		349		230		402			-

4.3 Resolution 3

Company: Indochine Mining Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: 13 May 2015 to Execution of DOCA

Task area	General description	Includes
Assets		
30.0 hours \$14,820 (excl GST)	Sale of business as a going concern	<ul style="list-style-type: none"> • Liaising with solicitors and DOCA proponent to execute DOCA • Internal meetings to discuss / review offers received • Finalise DOCA for execution
Creditors		
9.0 hours \$3,470 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> • Receive and follow up creditor enquiries via telephone and email • Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor reporting	<ul style="list-style-type: none"> • Preparing reports to secured creditor • Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> • Prepare further reports to creditors
	Meeting of creditors	<ul style="list-style-type: none"> • Hold second meeting of creditors • Preparation and lodgement of minutes of meetings with ASIC • Respond to stakeholder queries and questions immediately following meeting
Employees		
2.5 hours \$715 (excl GST)	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone • Review and prepare correspondence to employees and their representatives via facsimile, email and post
Trade on	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
1.3 hours \$299 (excl GST)	Budgeting and financial reporting	<ul style="list-style-type: none"> • Preparing and review budgets • Meetings to discuss trading position
	Correspondence	<ul style="list-style-type: none"> • General correspondence
Administration	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month, then six monthly administration review • Filing of documents • File reviews • Updating checklists
18.6 hours \$5,714 (excl GST)	Insurance	<ul style="list-style-type: none"> • Reviewing insurance policies
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers

Task area	General description	Includes
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Preparing BASs
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> • Dealing with records in storage

4.3.1 Calculation of remuneration

Resolution 3

Employee	Position	Rate ex GST (\$/Hour)	Total		Task Area													
			(Hrs)	(\$)	Assets		Creditors		Employees		Trade On		Investigation		Dividend		Administration	
					(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Jones, Martin	Partner	595	7.2	4,284	6.0	3,570	-	-	-	-	-	-	-	-	-	-	1.2	714
Field, Malcolm	Director	510	29.9	15,231	20.0	10,200	5.0	2,550	0.5	255	-	-	-	-	-	-	4.4	2,244
McCann, Lauren	Assistant Manager	360	2.3	811	1.0	360	-	-	-	-	-	-	-	-	-	-	1.3	468
Gould, Max	Accountant	230	13.8	3,174	3.0	690	4.0	920	2.0	460	1.3	299	-	-	-	-	3.5	805
George, William	Accountant	230	0.7	152	-	-	-	-	-	-	-	-	-	-	-	-	0.7	161
Caldera, Genevieve	Team Assistant	180	0.6	107	-	-	-	-	-	-	-	-	-	-	-	-	0.6	108
Titlestad, Jacqui	Team Assistant	180	6	1,073	-	-	-	-	-	-	-	-	-	-	-	-	6	1,080
Jamieson, Amy	Accounts Supervisor	180	0.2	36	-	-	-	-	-	-	-	-	-	-	-	-	0.2	36
Newland, Jacob	Admin Assistant	140	0.2	28	-	-	-	-	-	-	-	-	-	-	-	-	0.2	28
Herriman, Samuel	Admin Assistant	140	0.5	74	-	-	-	-	-	-	-	-	-	-	-	-	0.5	70
TOTAL (\$)			61.3	25,000	30.0	14,820	9.0	3,470	2.5	715	1.3	299	-	-	-	-	18.6	5,714
GST (\$)				2,500		1,482		347		72		29.9	-	-	-	-		571
TOTAL (Including GST)				27,500		16,302		3,817		787		329	-	-	-	-		6,285
Average hourly rate (ex GST)				408		494		386		286		230	-	-	-	-		307

4.4 Resolution 4

Company: Indochine Mining Limited (Administrators Appointed)
Administration Type: Deed of Company Administration.
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: Execution of DOCA to wholly effectuation/termination

Task area	General description	Includes
Assets		<ul style="list-style-type: none"> Execute DOCA Diarise critical dates for completion of conditions precedent
9.0 hours \$4,265 (excl GST)	Other Assets	<ul style="list-style-type: none"> Assist and manage tasks associated with meeting conditions precedent Liaise with DOCA proponent
Creditors		<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
71.0 hours \$27,810 (excl GST)	Creditor enquiries	
	Secured creditor reporting	<ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Preparation of further reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt when not related to a dividend Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend
Employees		<ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available
42.0 hours \$16,705 (excl GST)	Employee enquiries	
	Calculation of entitlements	<ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and Company's books and records Liaising with solicitors regarding entitlements
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system
Trade on		<ul style="list-style-type: none"> Reviewing Company's budgets and financial statements
30.0 hours \$11,425 (excl GST)	Budgeting and financial reporting	<ul style="list-style-type: none"> Preparing budgets Preparing weekly financial reports Meetings to discuss trading position
Dividend		<ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting lodgement of proofs of
	Processing proofs of debt	

Task area	General description	Includes
102.0 hours \$38,695 (excl GST)		debt <ul style="list-style-type: none"> • Receipt of proofs of debt • Maintain proof of debt register • Adjudicating proofs of debt • Request further information from claimants regarding proofs of debt • Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	<ul style="list-style-type: none"> • Preparation of correspondence to creditors advising of intention to declare dividend • Advertisement of intention to declare dividend • Obtain clearance from ATO to allow distribution of Company's assets • Preparation of dividend calculations • Preparation of correspondence to creditors announcing declaration of dividend • Advertise announcement of dividend • Preparation of distribution • Preparation of dividend file • Preparation of payment vouchers to pay dividend • Preparation of correspondence to creditors enclosing payment of dividend
Administration		
101.5 hours \$26,100 (excl GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Six monthly administration review • Filing of documents • File reviews • Updating checklists
	Insurance	<ul style="list-style-type: none"> • Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparing BASs
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> • Dealing with records in storage • Sending job files to storage

4.4.1 Calculation of remuneration

Resolution 4

Employee	Position	Rate ex GST (\$/Hour)	Total		Task Area													
			(Hrs)	(\$)	Assets		Creditors		Employees		Trade On		Investigation		Dividend		Administration	
					(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)	(Hrs)	(\$)
Jones, Martin	Partner	595	45.0	26,775	3.0	1,785	12.0	7,140	5.0	2,975	5.0	2,975	-	-	15.0	8,925	5.0	2,975
Field, Malcolm	Director	510	64.0	32,640	3.0	1,530	17.0	8,670	14.0	7,140	5.0	2,550	-	-	20.0	10,200	5.0	2,550
McCann, Lauren	Assistant Manager	360	81.0	29,160	2.0	720	18.0	6,480	10.0	3,600	10.0	3,600	-	-	32.0	11,520	9.0	3,240
Gould, Max	Accountant	230	118.0	27,140	1.0	230	14.0	3,220	13.0	2,990	10.0	2,300	-	-	35.0	8,050	45.0	10,350
George, William	Accountant	230	20.0	4,600	-	-	10.0	2,300	-	-	-	-	-	-	-	-	10.0	2,300
Caldera, Genevieve	Team Assistant	180	5.0	900	-	-	-	-	-	-	-	-	-	-	-	-	5.0	900
Titlestad, Jacqui	Team Assistant	180	14.0	2,520	-	-	-	-	-	-	-	-	-	-	-	-	14.0	2,520
Jamieson, Amy	Accounts Supervisor	180	2.0	360	-	-	-	-	-	-	-	-	-	-	-	-	2.0	360
Newland, Jacob	Admin Assistant	140	2.5	350	-	-	-	-	-	-	-	-	-	-	-	-	2.5	350
Herriman, Samuel	Admin Assistant	140	4.0	555	-	-	-	-	-	-	-	-	-	-	-	-	4.0	555
Total (excluding GST)			355.5	125,000	9.0	4,265	71.0	27,810	42.0	16,705	30.0	11,425	-	-	102.0	38,695	101.5	26,100
GST				12,500		427		2,781		1,671		1,143		-		38,670		2,610
Total (including GST)				137,500		4,692		30,591		18,376		12,568		-		42,565		28,710
Average Hourly Rate				352		474		392		398		381		-		379		257

4.5 Resolution 5

Company: Indochine Mining Limited (Administrators Appointed)
Administration Type: Creditor's Trust
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: Wholly effectuation of DOCA to finalisation of Creditors' Trust

Task area	General description	Includes
Assets		<ul style="list-style-type: none"> Consider other claims (if any) for realisation
31.0 hours \$12,300 (excl GST)	Other Assets	<ul style="list-style-type: none"> Diarise critical dates for completion of conditions precedent Assist and manage tasks associated with meeting conditions precedent
Creditors		<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
48.0 hours \$18,820 (excl GST)	Creditor enquiries	
	Secured creditor reporting	<ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Preparation of further reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt when not related to a dividend Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend
Employees		<ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available
25.0 hours \$9,865 (excl GST)	Employee enquiries	
	Calculation of entitlements	<ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and Company's books and records Liaising with solicitors regarding entitlements
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system
Trade on		
4.0 hours \$1,695 (excl GST)	Budgeting and financial reporting	<ul style="list-style-type: none"> Finalise run off Deed Administrator accounts
	Processing proofs of debt	<ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting lodgement of proofs of

Task area	General description	Includes
Dividend 47.0 hours \$17,385 (excl GST)		<ul style="list-style-type: none"> debt Receipt of proofs of debt Maintain proof of debt register Adjudicating proofs of debt Request further information from claimants regarding proofs of debt Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	<ul style="list-style-type: none"> Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of Company's assets Preparation of dividend calculations Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration		
56.5 hours \$14,875 (excl GST)	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> Six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	<ul style="list-style-type: none"> Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Preparing BASs
	Planning / review	<ul style="list-style-type: none"> Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage

4.5.1 Calculation of remuneration

Resolution 5

Employee	Position	Rate ex GST (\$/Hour)	Total		Task Area													
			(Hrs)	(\$)	Assets (Hrs) (\$)		Creditors (Hrs) (\$)		Employees (Hrs) (\$)		Trade On (Hrs) (\$)		Investigation (Hrs) (\$)		Dividend (Hrs) (\$)		Adm (Hrs)	
Jones, Martin	Partner	595	27.0	16,065	6.0	3,570	8.0	4,760	3.0	1,785	1.0	595	-	-	5.0	2,975	4.0	
Field, Malcolm	Director	510	41.0	20,910	6.0	3,060	12.0	6,120	8.0	4,080	1.0	510	-	-	10.0	5,100	4.0	
McCann, Lauren	Assistant Manager	360	48.0	17,280	10.0	3,600	12.0	4,320	6.0	2,160	1.0	360	-	-	15.0	5,400	4.0	
Gould, Max	Accountant	230	63.0	14,490	9.0	2,070	10.0	2,300	8.0	1,840	1.0	230	-	-	17.0	3,910	18.0	
George, William	Accountant	230	11.0	2,530	-	-	6.0	1,380	-	-	-	-	-	-	-	-	-	5.0
Caldera, Genevieve	Team Assistant	180	2.0	360	-	-	-	-	-	-	-	-	-	-	-	-	-	2.0
Titlestad, Jacqui	Team Assistant	180	14.0	2,520	-	-	-	-	-	-	-	-	-	-	-	-	-	14.0
Jamieson, Amy	Accounts Supervisor	180	2.0	360	-	-	-	-	-	-	-	-	-	-	-	-	-	2.0
Newland, Jacob	Admin Assistant	140	1.5	205	-	-	-	-	-	-	-	-	-	-	-	-	-	1.5
Herriman, Samuel	Admin Assistant	140	2.0	280	-	-	-	-	-	-	-	-	-	-	-	-	-	2.0
Total (excluding GST)			211.5	75,000	31.0	12,300	48.0	18,880	25.0	9,865	4.0	1,695	-	-	47.0	17,385	56.5	
GST				7,500		1,230		1,888		987		170	0	0				1,739
Total (including GST)				82,500		13,530		20,768		10,852		1,865						19,124
Average Hourly Rate				355		397		393		395		424						370

4.6 Resolution 6

Company: Indochine Mining Limited (Administrators Appointed)
Administration Type: Creditors Voluntary Liquidation
Practitioners: Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson
Period: 13 May 2015 to Finalisation of Liquidation

Task area	General description	Includes
Assets 65.0 hours \$29,150 (excl GST)	Plant and equipment	<ul style="list-style-type: none"> • Liaising with valuers, auctioneers and interested parties • Reviewing asset listings
	Sale of real property	<ul style="list-style-type: none"> • Liaising with valuers, agents and strata agent • Attendance at auction
	Other assets	<ul style="list-style-type: none"> • Tasks associated with realising other assets
Creditors 87.0 hours \$35,570 (excl GST)	Creditor enquiries	<ul style="list-style-type: none"> • Receive and follow up creditor enquiries via telephone and email • Maintaining creditor enquiry register • Review and prepare correspondence to creditors and their representatives via facsimile, email and post • Correspondence with committee of creditors members
	Secured creditor reporting	<ul style="list-style-type: none"> • Preparing reports to secured creditor • Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> • Preparing further reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> • Receipting and filing proofs of debt when not related to a dividend • Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend
Employees	Meeting of creditors	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. • Preparation and lodgement of minutes of meetings with ASIC • Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> • ITAA Section 104-145(1) declarations • Responding to any shareholder legal action
Employees	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries

Task area	General description	Includes
45.0 hours \$16,925 (excl GST)		<ul style="list-style-type: none"> via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available
	Fair Entitlements Guarantee (FEG)	<ul style="list-style-type: none"> Correspondence with Department of Education, Employment & Workplace Relations Preparing notification spreadsheet Preparing FEG quotations Preparing FEG distributions
	Calculation of entitlements	<ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and Company's books and records Liaising with solicitors regarding entitlements
	Employee dividend	<ul style="list-style-type: none"> Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting proofs of debt Adjudicating proofs of debt Ensuring PAYG is remitted to ATO
	Workers compensation claims	<ul style="list-style-type: none"> Review insurance policies Receipt of claim Liaising with claimant Liaising with insurers and solicitors regarding claims Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers
	Other employee issues	<ul style="list-style-type: none"> Correspondence with Child Support Correspondence with Centrelink
Trade on		
10.0 hours \$2,300 (excl GST)	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system

Task area	General description	Includes
Investigation 106.4 hours \$36,319 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> • Reviewing Company's books and records • Review and preparation of Company nature and history • Preparation of comparative financial statements • Preparation of deficiency statement • Review of specific transactions and liaising with directors regarding certain transactions • Preparation of investigation file • Lodgement of investigation with ASIC • Preparation and lodgement of supplementary report if required
	Examinations	<ul style="list-style-type: none"> • Preparing brief to solicitor • Liaising with solicitor(s) regarding examinations • Attendance at examination • Reviewing examination transcripts • Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / recoveries	<ul style="list-style-type: none"> • Internal meetings to discuss status of litigation • Preparing brief to solicitors • Liaising with solicitors regarding recovery actions • Attending to negotiations • Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports • Preparing affidavits seeking non-lodgement assistance • Liaising with ASIC
Dividend 5.0 hours \$1,150 (excl GST)	Processing proofs of debt	<ul style="list-style-type: none"> • Preparation of correspondence to potential creditors inviting lodgement of proofs of debt • Receipt of proofs of debt • Maintain proof of debt register • Adjudicating proofs of debt • Request further information from claimants regarding proofs of debt • Preparation of correspondence to claimant advising outcome of adjudication
Administration		
120.3 hours \$28,417 (excl GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Six monthly administration review • Filing of documents • File reviews • Updating checklists

Task area	General description	Includes
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparing BASs • Completing group certificates
	Finalisation	<ul style="list-style-type: none"> • Notifying ATO of finalisation • Cancelling ABN / GST / PAYG registration • Completing checklists • Finalising WIP
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> • Dealing with records in storage • Sending job files to storage

4.6.1 Calculation of remuneration

Resolution 6

Employee	Position	Rate (ex GST) \$/Hr	Total		Task Area													
			Hrs	\$	Assets		Creditors		Employees		Trade On		Investigation		Dividend		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jones, Martin	Partner	595	52.9	31,503	20.0	11,900	10.0	5,950	5.0	2,975	-	-	15.0	8,925	-	-	2.9	1,726
Field, Malcolm	Director	510	79.4	40,504	20.0	10,200	30.0	15,300	10.0	5,100	-	-	14.4	7,344	-	-	5.0	2,550
McCann, Lauren	Assistant Manager	360	79.4	28,591	10.0	3,600	27.0	9,720	15.0	5,400	-	-	18.0	6,480	-	-	9.0	3,240
Gould, Max	Accountant	230	172.6	39,699	15.0	3,450	20.0	4,600	15.0	3,450	10.0	2,300	59.0	13,570	5.0	1,150	48.6	11,178
George, William	Accountant	230	7.1	1,624	-	-	-	-	-	-	-	-	-	-	-	-	7.1	1,633
Caldera, Genevieve	Team Assistant	180	5.3	953	-	-	-	-	-	-	-	-	-	-	-	-	5.3	954
Titlestad, Jacqui	Team Assistant	180	26.5	4,765	-	-	-	-	-	-	-	-	-	-	-	-	26.5	4,770
Jamieson, Amy	Accounts Supervisor	180	3.5	635	-	-	-	-	-	-	-	-	-	-	-	-	3.5	630
Newland, Jacob	Admin Assistant	140	5.3	741	-	-	-	-	-	-	-	-	-	-	-	-	5.3	742
Herriman, Samuel	Admin Assistant	140	7.1	988	-	-	-	-	-	-	-	-	-	-	-	-	7.1	994
TOTAL (\$)			439.1	150,000	65.0	29,150	87.0	35,570	45.0	16,925	10.0	2,300	106.0	36,319	5.0	1,150	120.3	28,417
GST (\$)				15,000		2,915		3,557		1,693		230		3,632		115		2,842
TOTAL (Including GST)				165,000		32,065		39,127		18,618		2,530		39,951		1,265		31,258
Average hourly rate (ex GST)				342		448		409		376		230		341		230		236

5 Statement of remuneration claim

Resolutions to be put to creditors at the Second Meeting convened for 13 May 2015.

At the Second Meeting of creditors convened for 13 May 2015, creditors will be asked to consider the following resolutions:

Resolution 1:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period from 27 March 2015 to 30 April 2015 be fixed in the amount of \$109,930 plus GST and may be paid."

Resolution 2:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period from 1 May 2015 to 13 May 2015 be fixed at the scale of rates outlined in the Remuneration Approval Request Report up to a maximum amount of \$45,000 (plus GST), but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Where a Deed of Company Agreement is accepted

Resolution 3:

"That the remuneration of the Deed Administrators, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period from 13 May 2015 to the execution of the Deed of Company Arrangement be fixed at the scale of rates outlined in the Remuneration Approval Request Report up to a maximum amount of \$25,000 (plus GST), but subject to upward revision by resolution of creditors, and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Resolution 4:

"That the remuneration of the Deed Administrators, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period from Execution of the DOCA to wholly effectuation or termination for the DOCA be fixed at the scale of rates outlined in the Remuneration Approval Request Report up to a maximum amount of \$125,000 (plus GST), but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Resolution 5:

“That the remuneration of the Trustees, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period from wholly effectuation of the DOCA to finalisation of the Creditors’ Trust be fixed at the scale of rates outlined in the Remuneration Approval Request Report up to a maximum amount of \$75,000 (plus GST), but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Trustees be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Where the Company is placed into Liquidation:

Resolution 6:

“That the remuneration of the Liquidators, as set out in the Remuneration Approval Request Report dated 4 May 2015, for the period 13 May 2015 to completion of the Liquidation be fixed at the scale of rates outlined in the Remuneration Approval Request Report up to a maximum amount of \$150,000 (plus GST), but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Please note that the above is an estimate only. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

5.1 Remuneration approved and drawn to date

Creditors have not previously approved any remuneration of the Administrators.

6 Remuneration recoverable from external sources

The Administrators have not received, and are not entitled to receive, any funding from external sources in respect of remuneration.

7 Disbursements

7.1 Types of disbursements

Disbursements are divided into three types:

- Externally provided professional services. These are recovered at cost. An example is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.

- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The relevant rates are set out below:

Disbursement type	Charges (ex GST)
Advertising	At cost
Couriers	At cost
Mileage reimbursement	\$0.76 per kilometre
Photocopying (colour)	\$0.50 per page
Photocopying (mono)	\$0.20 per page
Photocopying (outsourced)	At cost
Printing (colour)	\$0.50 per page
Printing (mono)	\$0.20 per page
Printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Storage and storage transit	At cost
Telephone calls	At cost

Note: Above rates are applicable for the financial year ending 30 June 2015

7.2 Disbursements incurred from the administration to Ferrier Hodgson

The following disbursements have incurred from the administration to Ferrier Hodgson for the period from 27 March 2015 to 30 April 2015:

Disbursements incurred	Basis	Total (excl GST) \$
Internal disbursements		
Photocopying – mono	68 pages @ \$0.20/page	13.60
Postage Charges	At cost	11.14
Printing – mono	2,990 pages @ \$0.20/page	598.00
Printing – colour	201 pages @ \$0.50/page	100.50
Stationery	At cost	30.61
Telephone Calls	At cost	9.63
Total		\$763.48

7.3 Disbursements paid from the administration to Ferrier Hodgson

There have been no disbursements paid from the administration to Ferrier Hodgson to date. Future disbursements provided by Ferrier Hodgson will be charged to the administration on the same basis as the table in Part 7.1.

8 Report on progress of the Administration

The Remuneration Approval Request Report must be read in conjunction with the report to creditors dated 4 May 2015 which outlines the progress of the administration.

9 Summary of receipts and payments

A summary of receipts and payments for the period 27 March 2015 to 30 April 2015 is set out in the table below:

Receipts and payments	Total \$
Receipts	
Receipt of term deposits	233,634
Total receipts	233,634
Payments	
Wages – Rolando Tinoco Munarriz	8,118
Wages – Andre Graenz	3,996
Wages – George Niumataiwalu	14,147
Consulting services	10,650
Flight costs	5,068
Subcontractors	206
Website hosting	702
Total payments	42,887
Closing cash at bank	190,747

10 Queries

If you require further information in respect of the above, or have other questions, please contact Max Gould of this office.

11 Information available

The partners of Ferrier Hodgson are members of ARITA. Ferrier Hodgson follows the Code. A copy of the Code may be found on the ARITA website at www.arita.com.au.

An information sheet concerning approval of remuneration in external administrations can also be obtained from the Australian Securities & Investments Commission website at www.asic.gov.au.

Dated this 4th day of May 2015



Martin Jones
Joint and Several Administrator

Annexure

C Revised Declaration of independence, relevant relationships and indemnities

*Corporations Act 2001
Sections 436DA, 449CA*

**Indochine Mining Limited
(Administrators Appointed) (the Company)
ACN 141 677 385**

1 Declaration of Independence, Relevant Relationships and Indemnities

This document requires the practitioner(s) appointed to an insolvent entity to make declarations as to:

- A. Their independence generally;
- B. Relationships, including
 - (i) The circumstances of the appointment;
 - (ii) Any relationships with the Company and others within the previous two years;
 - (iii) Any prior professional services for the Company within the previous two years;
 - (iv) That there are no other relationships to declare; and
- C. Any indemnities given or upfront payments made to the practitioner(s).

This declaration is made in respect of ourselves, our partners, and entities in connection with Ferrier Hodgson (collectively **Ferrier Hodgson**).

A. Declaration of independence

We, Martin Bruce Jones, Darren Gordon Weaver and Benjamin Michael Johnson, and Ferrier Hodgson, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of relationships

(i) Circumstances of appointment

This appointment was referred to us by the Directors of Indochine Mining Limited. We had one meeting with the Company which was attended by Dermot McVeigh and Martin Jones on 25 March 2015 for the purpose of explaining the various options available to the Company and the nature and consequences of an insolvency appointment.

We received no remuneration for this advice.

This meeting does not affect our independence for the following reasons:

- Ferrier Hodgson's advice was limited to assessing the Company's financial position, the consequences of insolvency and restructuring options.
- Advice was given to the Company only. We did not advise the directors personally or others.

- The Courts and the Code specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or an impediment to accepting the appointment.
- The nature of the advice is such that it would not be subject to review and challenge during the administration.
- The pre-appointment advice will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner.

We have provided no other information or advice to the Company, its directors and its advisors prior to my appointment beyond that outlined in this DIRRI.

(ii) Relevant relationships (excluding professional services to the Company)

Neither we nor Ferrier Hodgson have, or have had within the preceding two years, any relationships with:

- The Company;
- An associate of the Company;
- A former insolvency practitioner appointed to the Company; or
- A person or entity that has a security interest on the whole of or substantially the whole of the Company's property.

For the purposes of full disclose, we note that we have had a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
AUDE Holdings Pty Ltd as Trustee for the Lastours Investment Trust	We have received funding from the secured creditor	Ferrier Hodgson has never undertaken any work for AUDE Holdings in respect of the Company. The work that Ferrier Hodgson undertakes will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Company's voluntary administration in an objective and impartial manner.
Dermott Joseph McVeigh	Mr Dermott McVeigh referred administrations which progressed to formal appointments for Martin Jones and Darren Weaver in his previous role as Financial Advisory Services Partner at Deloitte Touche Tohmatsu and as Managing Director at Avior Consulting.	The administrations which were referred by Mr McVeigh are completely unrelated to the affairs of the Company. The referrals were made without obligations. Ferrier Hodgson has never undertaken any work for Mr Dermott McVeigh in his personal capacity or the Company. The work that Ferrier Hodgson undertakes will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Company's voluntary administration in an objective and impartial manner.
Craig Dawson	Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson were appointed as voluntary administrators on 12 September 2013 to an entity to which Mr Craig Dawson was a director.	The administration of the entity is completely unrelated to the affairs of the Company. Ferrier Hodgson has never undertaken any work for Mr Craig Dawson in his personal

Name	Nature of relationship	Reasons why not an impediment or conflict
		capacity or the Company. The work that Ferrier Hodgson undertakes will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Company's voluntary administration in an objective and impartial manner.

(iii) Prior professional services to the Company

Neither we nor Ferrier Hodgson have provided any professional services to the Company in the previous two years.

(iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, within the previous two years with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a security interest on the whole of or substantially the whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any upfront payments in respect of our remuneration or disbursements.

Dated this 4th day of May 2015



Martin Jones
Administrator



Darren Weaver
Administrator



Ben Johnson
Administrator

Note:

If circumstances change, or new information is identified, we are required under Subsection 436DA(5) and 449CA(5) of the Act and the Code to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.

Any relationships, indemnities or up-front payments disclosed in the declaration must not be such that the practitioner is no longer independent. The purpose of components B and C of the declaration is to disclose relationships that, while they do not result in the practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the practitioner nevertheless remains independent.

Annexure

D ARITA creditor information sheet

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.