

7 FEBRUARY 2018**INDOCHINE MINING LIMITED****Subject to Deed of Company
Arrangement****ASX and POMS0X CODE****IDC****About IDC**

Indochine is an exploration and development company that, pending renewal of the Exploration Licence, is seeking to advance the +2 Moz Mt Kare Au - Ag Project in Papua New Guinea (PNG) to a development decision.

PROJECTS**MT KARE Au-Ag Project**
(licence renewal pending)**BOARD AND MANAGEMENT**

Keith Murray – Non-Executive Director
Tony Gates - Non-Executive Director
Craig Dawson - Non-Executive Director
Wayne Bramwell – Interim COO
Ashok Jairath – CFO / Company Secretary

CONTACT IDC

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Deed Administrator - Ferrier Hodgson
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E: info@indochinemining.comwww.indochinemining.com**CORPORATE UPDATE****OVERVIEW**

Indochine Mining Limited (ASX and POMS0X: IDC or “Indochine”) acquired the Mt Kare Au-Ag Project in Papua New Guinea (PNG) for approximately A\$27M in cash and shares in 2011 (refer ASX announcements of 7 and 29 April 2011).

Since then Indochine has invested over A\$70M directly in exploration, evaluation, mine feasibility and landowner studies and A\$15M in indirect costs including maintaining security, helicopter support and provided the finance and administration functions to support activities at site, for a total investment exceeding A\$100M.

From acquisition to March 2015 Indochine actively worked with PNG Authorities, Landowners and various stakeholders to explore and advance the Mt Kare Au-Ag Project. Indochine built a powerful share register with some of the Gold sector’s largest financial institutions supporting the Company’s exploration plans.

In August 2014 Indochine’s exploration licence (EL1093) was due for renewal and, as per the PNG Mining Code, the Company continued to work on Mt Kare until the renewal application was determined. Delays with the renewal of EL1093 caused uncertainty amongst investors and negatively impacted the Board’s ability to finalise funding to continue work at Mt Kare. As a consequence of these factors the then Board of Indochine placed the company into voluntary administration (refer ASX announcement of 27 March 2015).

Ferrier Hodgson was appointed as Voluntary Administrator of Indochine (refer ASX announcement 30 March 2015) and following this a Deed of Company Arrangement (DOCA) was approved by Indochine creditors (refer ASX announcement 14 May 2015).

Since March 2015 the company has kept the Mt Kare Au-Ag Project assets on a secured, care and maintenance basis and continued to advance geological studies, pending the outcome of a Judicial Review of the former Minister of Mining’s decision in December 2015 to refuse to renew exploration licence EL 1093. Funding for these activities has been provided by a secured creditor.

The Judicial Review was heard in PNG on 5 September 2017 and the Judge reserved a decision. The PNG National Court was in recess until 5 February 2018, hence the date for the decision is expected to be at any time after that date.

CORPORATE UPDATE

Indochine is pleased to provide this corporate update to the market. A brief history of the Mt Kare Au-Ag Project and Indochine is also summarised at the end of this release.

▪ **UPDATE ON JUDICIAL REVIEW**

The Judicial Review of the former Minister for Mining's decision to refuse Summit's application dated 28 July 2014 to renew exploration licence EL 1093 over the Mt Kare Au-Ag Project was held on 5 September 2017. The matter was heard by Justice Nablu and the honourable judge has reserved her judgement. The PNG National Court was in recess until 5 February 2018, hence the date for the decision is expected to be any time after that date.

It should be noted that until this decision is received all defendants are under stay orders and are not permitted to take any steps regarding the Mt Kare Au-Ag Project. Once a decision is received from the Court, should Summit be successful in the Judicial Review and subject to any appeal rights of the parties, Summit looks forward to re-engaging with all key stakeholders.

▪ **PROJECT ASSETS REMAIN ON CARE AND MAINTENANCE**

Over the past 3 years Indochine has been funded by a Secured Creditor (refer ASX announcement of 14 May 2015). This support has enabled Summit to provide site security and keep the camp and project infrastructure at Mt Kare on a care and maintenance basis whilst the Judicial Review process is completed.



Figure 1: Mt Kare Camp (source: Mines & Money Investor Presentation - 2013)

- **LANDOWNER AGREEMENT FOR MT KARE AU-AG PROJECT**

Indochine and Summit acknowledge the ongoing support received from the 19 landowning clans within the boundaries of the former EL1093, all of whom attended the successful mediation at Mt Kare between 18 and 20 July 2015 (as mediated by Justice Kandakasi of the National Court of PNG).

As a consequence of the mediation process, all clan members identified during the clan vetting then attended site on 17 August 2015 and signed the Mediated Agreement (refer ASX announcement of 2 September 2015). This Mediated Agreement was ratified through a National Court Consent order on 10 November 2015.

- **INTERIM CHIEF OPERATING OFFICER APPOINTED**

Indochine is pleased to announce the appointment of Mr Wayne Bramwell as Interim Chief Operating Officer. Mr Bramwell, a metallurgist and mineral economist is an experienced mining executive with over 26 years of International and Australian project development and corporate expertise in the base, precious metals and bulk commodity sectors.

Mr Bramwell will be working with the Deed Administrator and Board to assist with day to day operations, including reviewing the various corporate opportunities presented to the company and liaising with the Administrator and the Board in reviewing various funding options, which may include recapitalisation and reinstatement of Indochine on the Australian Securities Exchange (ASX) and, pending renewal of EL1093, recommencing activities at the Mt Kare Au - Ag Project.

- **CORPORATE ADVISOR APPOINTED**

As there is expected to be an outcome to the Judicial Review in the near future the Company believes it prudent and an opportune time to make the preparations required to have the company return to trading on the ASX. One important preparation is to appoint a corporate adviser to provide a detailed action plan and to assist the Board in raising the necessary capital to support the Company's current and future activities, whilst also identifying and presenting other gold mining or gold exploration opportunities to the Board. Indochine is pleased to announce the appointment of Longreach Capital of Perth, Western Australia to assist the Company in this process.

- **FUNDING**

The recent strength in the gold sector has seen a corresponding increase in the ability of companies such as Indochine to raise funds for gold mining and gold exploration related mergers and acquisition. As such, Indochine with the support of the secured creditor, has garnered the support of several leading Australian and International Broking houses that, along with Longreach Capital, will be instrumental in assisting Indochine to obtain the necessary future funding to advance its objectives.

LOOKING FORWARD

▪ **Corporate Strategy**

Subject to a successful and satisfactory outcome from the Judicial Review, Indochine will:

- proceed to satisfy (or waive) the Conditions Precedent under the DOCA;
- evaluate various funding options available to Indochine, which also includes seeking to re-capitalise and re-instate Indochine on the ASX; and
- identify and review other Gold mining and / or Gold exploration opportunities, which are either identified by its corporate advisers or presented to its corporate adviser by third parties.

▪ **Future Exploration Strategy**

Drilling to date at Mt Kare has not exceeded 350m below the natural surface. As previously announced to the market (refer ASX announcement of 31 October 2013), future exploration at Mt Kare is more likely to focus on gaining underground access via an exploration Adit. The Adit will allow optimum placement of the drilling platforms, enable multiple rigs to work simultaneously and reduce the number of days lost due to the weather.

One of the primary objectives is to find the source of the Mt Kare mineralization, particularly the high grade Western Roscoelite Zone and the Black Zone, which are believed to form from very deep underground. Drilling from underground will lead to more accurate definition of the shape, direction and plunge of the mineralization and facilitate a larger exploration program to be completed in a shorter time frame than if drilled from the surface.

▪ **Re-engagement with Key Stakeholders**

Indochine, subject to obtaining a successful outcome from the Judicial Review, is fully committed to advancing the Mt Kare Au-Ag Project. Historically, Indochine and Summit have worked together collaboratively with all key stakeholders and are looking forward to re-engaging with the PNG Government, the Mineral Resources Authority and other key government agencies to advance the Mt Kare Au-Ag Project.

For and on behalf of the Company.

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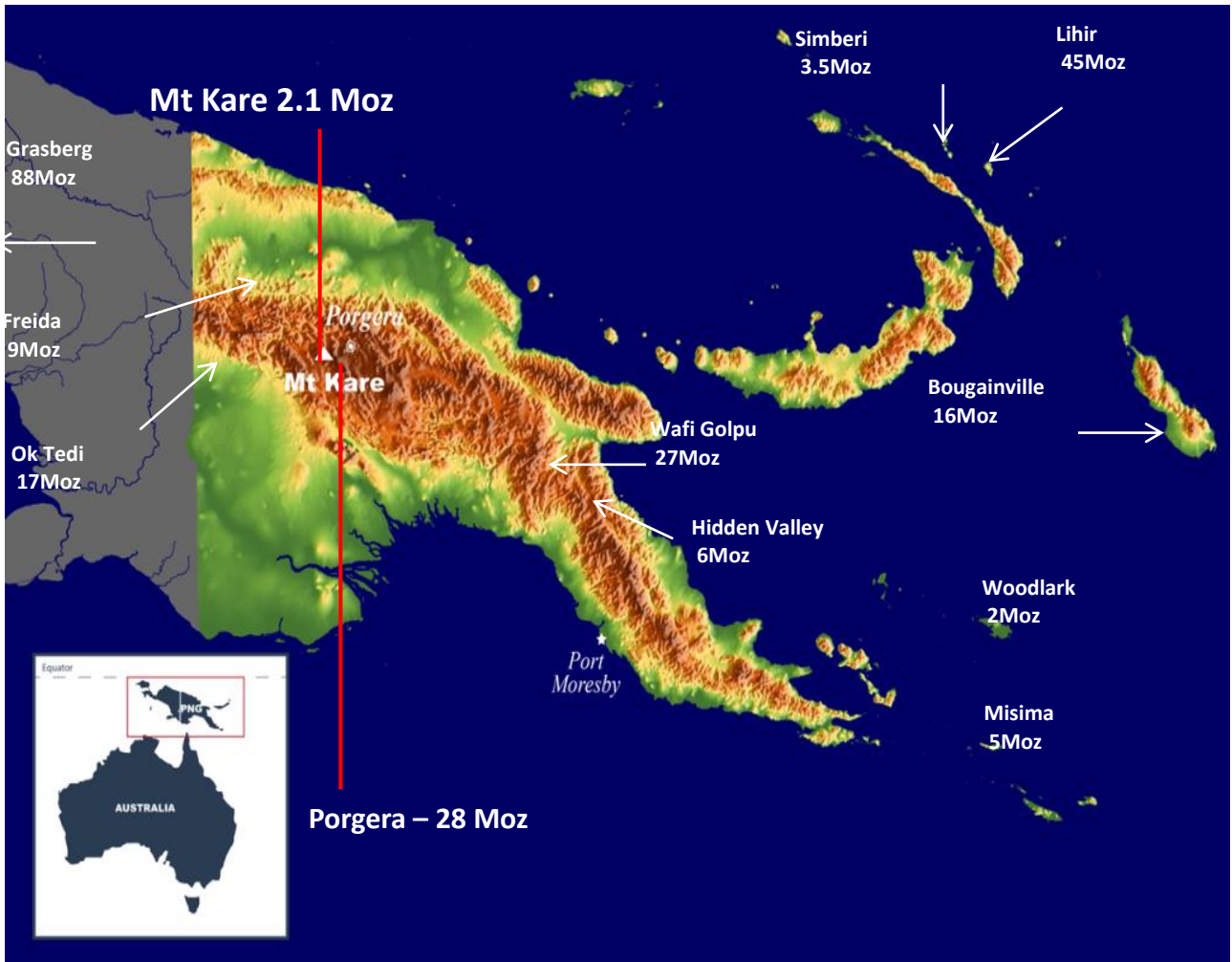


Figure 2: Mt Kare Location Map (source: ASX release 5 September 2013)

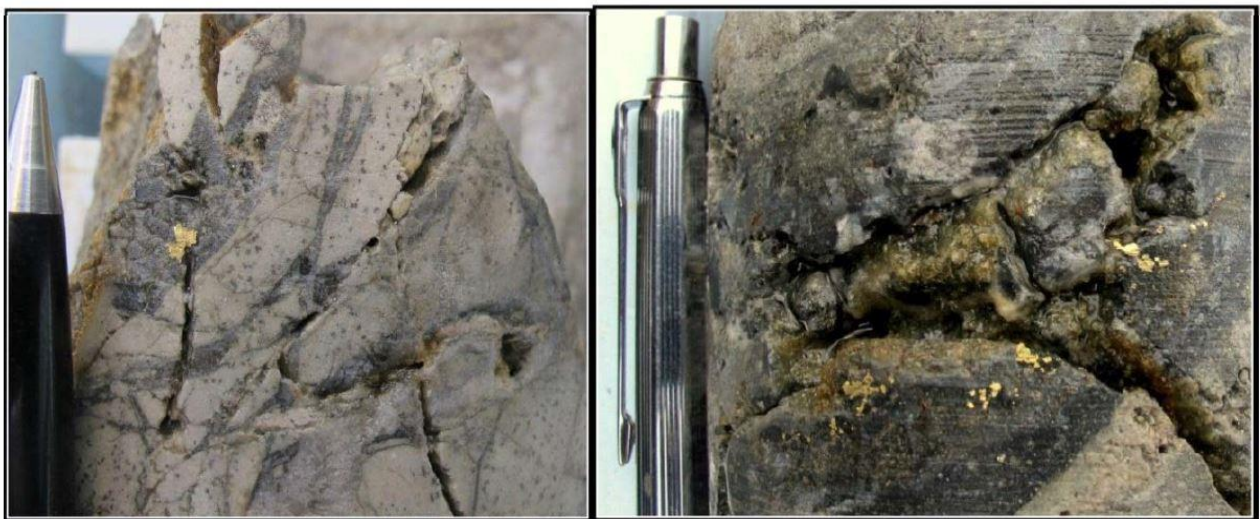


Figure 3: High Grade Gold in Core from Drill Hole 132SD12 (source: ASX release 24 July 2012)

ABOUT INDOCHINE AND THE MT KARE PROJECT

Mt Kare was discovered in 1987 and up to the acquisition by Indochine had seen extensive exploration undertaken by three companies across 5 drilling campaigns. Collectively these groups drilled approximately 371 diamond drill holes in various orientations with the last holes of the phase of drilling completed in 2007.

Indochine announced an option to acquire 100% of the Mt Kare Au-Ag Project in December 2010, completing the acquisition in April 2011 for A\$27M in cash and scrip. Indochine's wholly owned subsidiary, Summit Development Limited (Summit or SDL), began exploration drilling on exploration licence EL1093 at Mt Kare in November 2011 with the initial drill program "twinning" previous diamond drill holes that supported a previous Canadian NI 43-101 resource statement (refer ASX announcement of 4 March 2011).

Indochine subsequently released a JORC 2004 compliant resource (refer ASX announcement of 19 December 2011), that integrated the previous drill data that supported the historic NI 43-101 resource and newly twinned holes, reporting a total Indicated and Inferred Mineral resource of:

**28.3Mt @ 1.9 g/t Au and 22.5 g/t Ag for 1.7 Moz contained Au and 20.4 Moz contained Ag
(at a 0.5 g/t Au cut-off).**

Drilling was accelerated in January 2012 to advance the pre- feasibility study (PFS) on Mt Kare (refer ASX announcement of 25 January 2012), with this drilling continuing to late 2012. The PFS was completed based on a large, low grade open pit development (refer ASX announcement of 2 October 2012) and a JORC 2004 resource update followed (refer ASX announcement of 10 July 2013 and **table 1 below**) that reported:

**42.5Mt @ 1.54 g/t Au and 13.5 g/t Ag for 2.11 Moz Au, 18.4 Moz Ag
Or 2.45 Moz gold equivalent (Aueq) (at a 0.5 g/t Au cut-off)**

**Table 1: Mt Kare Project – JORC 2004 Mineral Resource Statement @ 0.5 g/t Au (July 2013)
(refer ASX announcement 10 July 2013)**

Resource Classification	Mt	Gold (g/t)	Silver (g/t)	Gold Moz	Silver Moz	Gold Equivalent Moz ⁽¹⁾
Measured Resource	20.2	1.84	20.9	1.19	13.5	1.44
Indicated Resource	8.3	1.29	8.1	0.34	2.2	0.38
Measured + Indicated Resource (combined)	28.4	1.68	17.2	1.53	15.7	1.82
Inferred Resource	14.1	1.27	6.0	0.57	2.7	0.63
Total Mineral Resource	42.5	1.54	13.5	2.11	18.4	2.45

Notes:

1. Gold equivalent grades (AuEq) are calculated based on a gold price of US\$1200/oz. and a silver price of US\$22/oz., or silver ounces per 1 gold ounce; this does not consider metallurgical factors
2. Cut-off grades and capping: A lower cut-off of 0.5 g/t Au was used based on the data distribution. Capping strategy utilised: In low grade domains, analyses capped at 30 g/t Au, 250 g/t Ag; Upper Zone and high-grade domains at 50 g/t Au, 500 g/t Ag
3. Material classified as Measured and Indicated Resources are wireframed gold mineralisation based upon the 2013 block model considering an average distance between drilling of 2m and 50m among other criteria. It is considered that this category material has a high probability of being economically extracted, including comparisons with previously modelled PFS open pit shell based on various assumptions, including the prior 2011 resource. Mineralisation beyond an average distance between drilling of 80m was not included within the lowest category of Inferred Resource
4. Rounded estimates are used, which may cause apparent discrepancies in totals. Significant figures do not imply precision.
5. The resources have been reported in compliance with JORC (2004) code.

Full details of the Mineral Resource Statement are contained in “Explanatory Notes to the Resource Update of Indochine’s Mt Kare Project” – released to ASX 10 July 2013. The entity confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement of 10 July 2013 and, in the case of estimates of mineral resources or ore reserves, that all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed.

Following the release of the PFS and completion of surface drilling in the Bonanza high grade zones (refer results at Table 2 below), Indochine is now focused on gaining underground access from an exploration Adit and targeting the high-grade core of the Western Roscolite Zone and Black Zone within the existing 2004 JORC resource.

Table 2: Best Drill Results reported from Bonanza Drilling at Mt Kare

Drill Hole	Interval	Au g/t	Ag g/t	From (m)	Zone	Refer ASX release
122SD11	17.7m	100.3	133.9	59	BZ	5 May 2012
- includes	4m	420	170	67		
123SD11	36.4m	6.21	232.3	56.8	BZ	5 May 2012
- includes	12.6m	10.1	104.0	72.7		
132SD12	53.9m	8.25	17.9	30.1	WRZ	24 July 2012
- includes	13m	29.03	19.5	43.0		
133SD12	52m	6.74	23.0	11	WRZ	24 July 2012
- includes	35m	8.15	18.7	11		
146SD12	38m	20.8	57	78	BZ	19 October 2012
- includes	5m	120.1	93	94		
183SD12	111m	9.8	77	4	BZ	25 February 2013
- includes	49m	22.3	71	63		
185SD13	29m	9.6	55	6	BZ	25 February 2013
- includes	7m	35.2	83	1		
187SD13	26m	6.7	5	2	WRZ	24 April 2013
- includes	15m	8	7	5		
188SD13	14m	15.3	9	3	WRZ	24 April 2013
- Includes	7m	22.9	14	6		

In August 2014 Indochine's exploration licence (EL1093) was due for renewal and, as per the PNG Mining Code; the Company continued to work on Mt Kare until the renewal application was determined.

This included completing the Landowner Investigation Survey (LIS) (refer ASX announcement of 24 January 2014) prior to lodging an application with the MRA on 28 July 2014 for renewal of EL1093 and working towards completing the Land Investigation Report (LIR) (refer ASX announcement 22 October 2014). The LIS and LIR processes were costly, time consuming and extensive and went far deeper than social mapping had gone before. However, Indochine recognized the importance of the LIS and LIR process to the sustainable development of Mt Kare by properly resolving land owner issues and delivering a mechanism in which the proceeds from any future development would be shared equitably and transparently by identified clans.

Delays with the renewal of EL1093 caused uncertainty amongst investors and negatively impacted the Board's ability to finalise a funding solution to continue work at Mt Kare. As a consequence of these factors the then Board of Indochine placed the company into voluntary administration (refer ASX announcement 27 March 2015).

Ferrier Hodgson was appointed as Voluntary Administrator of Indochine (refer ASX announcement of 30 March 2015) and following this a Deed of Company Arrangement (DOCA) was approved by Indochine creditors (refer ASX announcement of 14 May 2015).

The DOCA facilitated the continuance of Indochine and Summit (not the liquidation of), with a Secured Creditor providing funding to meet costs associated with the legal and regulatory requirements in PNG and Australia. On 14 December 2015 the application for renewal of EL 1093 by Summit was refused by the then Minister of Mines but Summit (as the renewal applicant) was not notified by the MRA of its decision before a third party had lodged a competing application for the licence area.

On 1 March 2016 Summit filed an application with the PNG National Court seeking a Judicial Review. The Judicial Review was heard by the Honourable Justice Nablu on 5 September 2017 and a decision is pending.

Over the past 3 years Indochine has been funded by a Secured Creditor (refer ASX announcement 14 May 2015) and this support has enabled Summit to fund the Judicial Review and retain the camp and project infrastructure at Mt Kare on a care and maintenance basis.