



INDOCHINE MINING LIMITED

ASX:IDC

ACN 141 677 385

28 October 2011  
Company Announcements Office  
Australian Securities Exchange

10 Pages

## Quarterly Activities Report

### For Quarter Ended 30 September 2011

#### **Highlights & Achievements**

#### **Corporate Summary\***

##### **Shares on Issue:**

491.3 Million

##### **Market Capitalisation:**

A\$88 Million

##### **Cash (30 Sept 2012):**

A\$16.4 million

##### **Top Shareholders:**

Och-Ziff Capital 10.3%

Baker Steel Capital 8.4%

SH Koh 8.4%

HH Koh 6.5%

Jabre Capital 4.2%

BlackRock 3.3%

\* As at 28 Oct 2011

#### **PNG Project on Fast Track to Development with:**

Completion of Mt Kare Acquisition - c. 2 Million Ounce Gold/Silver Deposit

Final Assembly of a Tier 1 management and technical team with recent experience in PNG of delivering advanced projects into development & production

All long-term logistics, camp and helicopter support finalised

First major drill programme commissioned to supplement the existing 350 drillholes to deliver the Pre-Feasibility Study (PFS) by mid-2012

#### **Cambodia**

Drill targets are being identified for gold and copper within 2900km<sup>2</sup> of leases in Ratanakiri, on the border with Laos & Vietnam

Extension of existing leases by two years

Results pending from gold assays in Kratie

#### **Corporate**

Over \$16 million cash to complete PFS and drilling

On track to create substantial shareholder value

INDOCHINE MINING LIMITED

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## **Project Development – Mt Kare, PNG**

Mt Kare is a circa 2 Million ounce gold/silver deposit, located 15 kilometres from one of the world's largest gold mines, Barrick's giant Porgera mine. Mt Kare shares similar geology, ore types and structures to Porgera.

Located near to existing infrastructure (road and power), Mt Kare has the potential for a large scale open cut and underground mine, targeting 150-250,000 ounces/year. Significantly, the deposit currently hosts a high grade gold zone of 750,000 ounces @ 5 grams/tonne gold, with scope to grow further (IDC release 2 March 2011).

Indochine Mining Limited's (Indochine) subsidiary, Summit Development Limited, has completed the acquisition and holds a 100% interest in Mt Kare.

### **Key Management Appointment**

Indochine recently appointed a prominent mining engineer, Mr George Niumataiwalu, as Country Manager-Papua New Guinea (PNG) and Project Director, to drive development of the PNG project.

George's primary responsibility will be to spearhead the advancement of the multi-million ounce Mt Kare gold/ silver project through to the feasibility study and development phases.

Previously, George was the PNG country manager and head of Morobe Consolidated Goldfields Ltd, owners of the world class Hidden Valley gold/silver and Wafi-Golpu projects. During his tenure there from 2002- 2005, George oversaw the advancement of these world class gold discoveries, including steering Hidden Valley through a full feasibility study, permitting and landowner agreements within 24 months. The company believes that his outstanding track record in PNG in steering another world class gold-silver deposit through a full feasibility study and permitting in record time positions him well to imitate that success with Mt Kare.

The final assembly of an experienced and well-credentialed Tier 1 technical development team, familiar with PNG, is in place. This team has recent relevant experience in completing feasibility studies and delivering advanced projects into development and production. Most of the team is from PNG, combined with key international consultants, familiar with epithermal deposits. The technical team is supported by local community affairs personnel who have worked in the area for some time.

### **Pre-Feasibility Study**

The Pre-Feasibility Study (PFS) is underway and is scheduled for completion in mid-2012.

The first major drill programme of up to 10,000 metres has been commissioned with three diamond drill rigs. This programme will supplement the existing 350 drillhole database. All necessary support has been finalised under long-term contracts, including helicopters, logistics, and an expanded camp.

The initial programme of 2,600 metres is focused on the main parts of the current deposit for metallurgical studies. This will be followed by infill drilling within the current resource as well as for resource extensions. Initial results are anticipated in December/January.

The high demand in PNG across the resource sector has made sourcing and securing equipment, services and especially helicopters challenging. This has resulted in delays to the programme during the quarter, but these issues have been largely resolved. Up-front payments were required to secure appropriate support for the project, which is located at what is considered high altitude for helicopters (2800-3000 metres altitude).

Australian-based consultants have generated an updated geological model incorporating all past drillhole data. The model involves five mineralised zones and includes recently interpreted structural controls. These data are integral to the JORC resource assessment now underway.

## **Exploration – Cambodia**

Indochine holds two large project areas in Cambodia – Kratie and Ratanakiri - with the largest package of gold and copper exploration leases in the nation, spanning approximately 4000km<sup>2</sup>. Most of these leases (14 leases) were renewed during the quarter for a further two years of exploration. Despite the region being renowned for hosting several world-class gold and copper deposits, until recently Cambodia had undergone very limited modern exploration.

The Ratanakiri area hosts geological settings favourable for large-scale island-arc style copper-gold deposits and gold veins. Recent work confirms the presence of island-arc style terrane, similar to the geological sequences around the Sepon and Phu Kham copper-gold deposits in Laos.

### **Kratie**

Final results and analyses are pending for the gold assays and other metal assays from drillcore samples at Kratie.

Following the previous quarter's 2216 metre diamond drill programme at Kratie North, the camp is on care and maintenance during the wet season. Once all results are received and interpreted, a decision will be made regarding further drilling.

Rock chip samples were collected from outcropping quartz veins near the camp, in a newly identified area of prospecting activity.

### **Ratanakiri**

At Ratanakiri, in northern Cambodia, on the border with Laos and Vietnam, field crews are conducting detailed follow-up on the best three gold-copper anomalies to identify scout drilling targets. In total, 75 rockchip samples were collected. Access has been affected by the heavy wet season. No systematic modern exploration has previously occurred in the Ratanakiri area and therefore there is a considerable opportunity to make a significant discovery.

## Corporate

Cash in bank was \$16.4 million at 30 September 2011, after final cash payments were made on the PNG transaction.

The Annual Financial Report was produced for year ended 30 June 2011.

Key points were:

Current Assets: \$24.5M;

Current Liabilities: \$1.0M;

Net Assets: \$41.9M;

Total Net Loss: \$5.3M, largely due to exploration & development being written-off.

The issued capital of Indochine is 491,333,324 million shares, comprised of 409,356,848 ordinary fully paid shares (quoted) and 81,976,476 ordinary fully paid shares (not quoted, under escrow). During the quarter, 68 million shares were issued to complete the PNG gold/silver acquisition. These shares are under voluntary escrow, with 50% in escrow until August 2012 and the remaining 50% in escrow until August 2013. Cash payments of \$3 million were made during and immediately after the quarter to finalise the conditions subsequent of the PNG acquisition.

The Annual General Meeting is scheduled for 24 November 2011.

**Stephen Promnitz**

**Chief Executive Officer - Indochine Mining Limited**

### Competent Person Statement

*David Meade a full time employee of the Indochine Group (Indochine Resources (Cambodia) Ltd) is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken, being reported herein as Exploration Results, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). David Meade has consented to the public reporting of these statements and results and the form and context in which they appear.*

***For Further Details:***

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Stephen Promnitz, CEO

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# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

INDOCHINE MINING LIMITED

ABN

16 141 677 385

Quarter ended ("current quarter")

30 September 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(5,635)	(5,635)
(b) development	-	-
(c) production	-	-
(d) administration	(794)	(794)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	170	170
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	<b>(6,259)</b>	<b>(6,259)</b>
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(144)	(144)
	<b>(144)</b>	<b>(144)</b>
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(6,403)</b>	<b>(6,403)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(6,403)	(6,403)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(6,403)	(6,403)
1.20	Cash at beginning of quarter/year to date	22,398	22,398
1.21	Exchange rate adjustments to item 1.20	377	377
1.22	<b>Cash at end of quarter</b>	<b>16,372</b>	<b>16,372</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	168
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Section 1.2 includes a further payment of \$ 2.6 million for the acquisition of Mt Kare with the balance of \$ 550,000 to be paid out in October.

**Non-cash financing and investing activities**

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

Pursuant to the shareholder meeting of 1 June 2011, the vendors of Mt Kare were issued 68,000,000 ordinary fully paid shares at a deemed price of \$ 0.25 cents on 31 August 2011 after all conditions under the purchase agreement were satisfied. These shares have been voluntarily escrowed for 1 and 2 years.

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

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	4,254
4.2 Development	
4.3 Production	
4.4 Administration	746
<b>Total</b>	<b>5,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,848	4,480
5.2 Deposits at call	11,258	16,681
5.3 Bank overdraft	-	-
5.4 Other (Term deposit)	1,266	1,237
<b>Total: cash at end of quarter (item 1.22)</b>	<b>16,372</b>	<b>22,398</b>

### Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased

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**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	491,333,324	409,356,848	n/a	n/a
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	68,000,000	-	\$0.25	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.




**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>		<i>Exercise price</i>	<i>Expiry date</i>
		20,000,000	US\$0.25	18/11/11
		6,080,000	\$0.20	31/10/12
		10,000,000	\$0.20	28/04/13
		15,000,000	\$0.20	30/04/14
		25,000,000	\$0.20	30/09/14
		1,500,000	\$0.20	30/12/14
		5,000,000	US\$0.25	17/03/15
		4,000,000	\$0.20	30/12/15
		2,000,000	\$0.40	08/02/13
		400,000	\$0.40	02/03/13
		3,000,000	\$0.50	08/02/14
		500,000	\$0.50	02/03/14
		2,750,000	\$0.20	05/07/14
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

## Compliance statement

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

Sign here: .....



Date: 28th. October 2011

(Director/Company secretary)

Gavan H Farley

Print name:

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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