



INDOCHINE MINING LIMITED

ASX:IDC

ACN 141 677 385

30 January 2012

Company Announcements Office
Australian Securities Exchange

13 Pages

Quarterly Activities Report

For Quarter Ended 31 December 2011

Corporate Summary*

Shares on Issue:

491.3 Million

Market Capitalisation:

A\$66 Million

Cash (31 Dec 2011):

A\$10.4 million

Top Shareholders:

Och-Ziff Capital 10%

Baker Steel Capital 8.4%

SH Koh 7.1%

HH Koh 5.4%

Jabre Capital 4.2%

* As at 30 Jan 2012

Highlights & Achievements

PNG Project Development – Accelerated PFS Drilling

- JORC Mineral Resource of 2.1 Million Ounce Gold Equivalent or 1.8 Moz gold (28.3Mt @1.9g/t gold); with a new geological model
- Pre-Feasibility Study (PFS) phase drill campaign commenced
- Significant mineralisation identified, in twinned drillholes, consistent with previous drilling in high grade zones, which returned assays up to 87 metres at 27 grams/tonne gold
- Pre-Feasibility Study commenced; scheduled for August 2012

Cambodia – Follow-up hampered by weather

- Follow-up of anomalies in Ratanakiri, on the border with Laos
- Program hampered by major wet season across region
- Results pending from rockchip assays in Kratie gold areas

Corporate

- Over \$10 million cash
- New Board member appointed – John Shaw – with considerable management experience in PNG, including at Porgera

INDOCHINE MINING LIMITED

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Project Development – Mt Kare, PNG

The Mt Kare Gold/Silver Deposit

Indochine Mining Limited's wholly owned subsidiary, Summit Development Limited, holds a 100% interest in the Mt Kare gold/silver deposit within EL1093. It is located 15 kilometres from one of the world's largest gold mines, Barrick's giant Porgera mine, which has produced over 500,000 ounces of gold per year for 21 years. Mt Kare shares similar geology, ore types and structures to Porgera, which has existing infrastructure (road & power). Mt Kare has the potential for a large open cut mine, which will be investigated in the pre-feasibility study (PFS) underway.

PFS-stage Drilling Programme

Three drill rigs are currently operating as part of the PFS stage drilling programme of up to 10,000m to improve and increase the current resource. One drill rig commenced operations in late November 2011 with the other two rigs operational, with drilling crews, in January 2012.

Large diameter drill core is being collected in the first phase of ~2,000m drilling for metallurgical test work as part of the PFS. 600 metres of drilling has been completed to date including 260m during the quarter. These drillholes will provide additional "value-adding" with new information on hydrology and geotechnical data and improve the quality of past drill data as part of the feasibility study.

Significant mineralisation has been identified in the recent drill holes, consistent with similar previously drilled high grade zones. Mineralisation includes quartz and carbonate veins, quartz-roscoelite veins, breccias, sulphides and gold (122-123SD11, 126SD12).

High-grade zones of gold mineralisation reported from past exploration are anticipated to be repeated, given that a number of drillholes are designed to 'twin' previous holes for metallurgical testwork (see Table 1). However, new assay results may differ from past results due to the nature of gold mineralisation. Two previous drill holes in the same locations as recent holes had assay results which included:

87 metres (m) at 27 grams/tonne (g/t) gold and 39 g/t silver from 27m, including

18 m at 6.0 g/t gold, 117 g/t silver from 40.5m and including

15 m at 148 g/t gold and 59 g/t silver from 81m, including

1.5 m at 1450 g/t gold, 580 g/t silver from 84m (MK99-146);

67.5 metres at 4.0 g/t gold and 85 g/t silver from 46.5m, including

34.5 m at 7.2 grams/tonne gold, 139 g/t silver from 61.5m and including

12 m at 10.3 grams/tonne gold, 62 g/t silver from 82.5m (MK98-132).

The high demand in PNG across the resource sector has made sourcing and securing equipment and service providers challenging with up-front payments required to secure key contracts. Delays occurred in the mobilisation and set-up stage due to logistical bottlenecks, especially reliable helicopter support, and poor weather restricting flying time.

Drilling, helicopter and camp support have improved markedly during January. A new camp is now in place with enhanced accommodation, allowing better access to drill sites and improved workflows which has greatly assisted the expanded drilling program. The original camp, established in May-June

2011, was more rudimentary in nature, positioned in a suitable location during the initial assessment of landowners and security, although some distance from the area of drilling.

Pre-Feasibility Study (PFS)

The Pre-Feasibility Study (PFS) is underway and is scheduled for completion in August 2012. Planning for processing methodologies, mine planning and infrastructure planning has commenced, after the quarter end, now that an updated resource and geological model has been completed. A Study Manager has been selected and the contracts are being finalised on some of the specific tasks. The metallurgical testwork will provide the necessary support to the processing routes being studied. More information regarding the PFS Study is anticipated to be available in mid-February 2012.

JORC-Compliant Mineral Resource Statement

A JORC-compliant resource statement was released over the Mt Kare gold/silver deposit during December 2011. Total Indicated and Inferred Mineral Resources were estimated at 2.1 million ounces gold equivalent (or 1.8 million ounces gold and 20 million ounces silver), in 28.3 million tonnes at 2.3 g/t gold equivalent (or 1.9 g/t gold and 22 g/t silver) (Table 1). A cut-off grade of 0.5g/t gold was used.

The new Resource Statement confirmed the previously estimated size and tenor of gold/silver mineralisation at Mt Kare, contained in Snowden's Canadian NI 43-101 resource estimate in August 2007. The 2007 Foreign Resource Statement, released to the ASX in March 2011 under a waiver, reported a combined Indicated and Inferred Resource of 1.7 million ounces of gold in 24.5 million tonnes at 2.1 grams per tonne gold and 15 grams/tonne silver, or 1.9 million ounces of gold equivalent, at a 1 g/t gold-equivalent cut-off grade.

The 2011 Resource Estimate is based on a total of 365 holes drilled by previous owners over an 18 year period with a drill pattern that approximates a 30m x 30m grid pattern. A new geological model was prepared. Approximately one third of the inferred material (containing 300-350,000 ounces gold) has been identified as adequately drilled to be considered in the Indicated category. It is expected that ongoing data validation and additional data collection underway will improve the quality of the resource classification.

Table 1: Mineral Resource Statement, Mt Kare Gold/Silver Project, December 2011

Cut-off Gold Grade(1)	Resource Classification	Tonnes	Gold		Silver		Gold Equivalent AuEq (Au+Ag)(4)	
			Grade	Contained Metal	Grade	Contained Metal	Grade	Contained Metal
(g/t Au)	(JORC 2004)	(Million t)	(g/t Au)	('000 oz Au)	(g/t Ag)	('000 oz Ag)	(g/t AuEq)	('000 oz AuEq)
0.5	Indicated	5.90	3.7	700	30.0	5,680	4.3	810
	Inferred	22.40	1.5	1,060	20.5	14,720	1.9	1,330
	Total	28.30	1.9	1,760	22.5	20,400	2.3	2,130

Notes

- 1) Cut-off grades: Nominal lower gold grade cuts are applied, and due to the nature of the deposit also approximate the geological mineralisation cut-off.
- 2) Material classified as Indicated Resources are within shells interpreted from the 2011 block model that define high grade Au mineralisation (+2g/t Au) which is close to surface. It is considered that material within these volumes have a high probability of being economically extracted, with the data risks considered.
- 3) Rounded estimates are used, which may cause apparent discrepancies in totals. Significant figures do not imply precision.
- 4) Gold equivalent grades (AuEq) are calculated based on a gold price of US\$1200/oz and a silver price of US\$22/oz, or 54.55 silver ounces per 1 gold ounce.

Geological Model

A new geological model was prepared. Gold and silver mineralisation is located in structurally controlled settings hosted in folded Oligocene calcareous sandstones and siltstones which are thrust faulted against older mudstones to the west and faulted against limestone to the east. The structural setting forms part of a broad north-east striking transfer fault zone which extends through to the Porgera deposit, 15km to the north-east.

Two stages of gold and silver mineralisation are identified:

Stage 1 mineralisation: Sulphide-rich, northerly striking, steeply dipping veins formed in extensional fractures adjacent to controlling structures;

Stage 2 mineralisation: Localised Quartz-Pyrite-Roscoelite veins overprinting stage 1 veins.

Five bodies (or domains) of mineralisation are recognised and modelled separately, over an area of 650m x 1000m to a depth of 350m (the depth of drilling):

The Western Roscoelite Zone (WRZ): with quartz-roscoelite mineralisation, and this contains 52% of the modelled mineralisation;

The Black Zone (BZ): mineralisation on a faulted contact with limestone with 12% of the interpolated mineralisation;

The C9 Zone (C9): a pipe-like sub-vertical breccia with 15% of the interpolated mineralisation.

The Central Zone (CZ): this mineralisation is less well drilled;

The Upper Zone (Upper): this mineralisation occurs above the recognised fresh mineralised zones with confidence in the size and grade affected by past surface workings; it contains 16% of the interpolated mineralisation at Mt Kare.

The mineralisation is open at depth in the C9 Zone and in the Central Zone, as well as along strike. Potential exists for “blind” faulted blocks of mineralisation associated with the WRZ and associated with repetitions of the structural setting on faulted offsets along strike and at depth.

Technical & Community Affairs Team

The project has a solid and experienced technical and community affairs team, headed by a prominent mining engineer, George Niumataiwalu who steered the Hidden Valley gold/silver project through a full feasibility study, permitting and landowner agreements within 24 months. This team, mostly from PNG, has recent relevant experience in completing feasibility studies and delivering advanced projects into development and production.

The local community affairs team, mainly personnel who have worked in the area for some time, has been augmented to cater for the ethnographic study underway. Local community groups have maintained their support for the project due to this study and the commitment to complete a PFS on the project.

Exploration – Cambodia

Indochine holds the largest package of exploration leases in Cambodia in two large project areas – Kratie and Ratanakiri - spanning approximately 4000km². Until recently Cambodia had undergone very limited modern exploration. As widely reported in the media, this year the wet season was substantially larger in Cambodia and Thailand, which hampered exploration in the quarter.

Kratie

Recently a substantial rockchip sampling (90 samples) and mapping program was completed of outcropping quartz veins which occur in 5 areas, partly identified by new areas of prospecting activity. A summary of the mapping and assay results will be released soon. The exploration was conducted after the wet season.

Artisanal mining areas continue to expand in the Kratie area which indicates the potential for a significant source of gold mineralisation in the area.

Ratanakiri

At Ratanakiri, in northern Cambodia, on the border with Laos and Vietnam, field crews have been conducting detailed follow-up on the best three gold-copper anomalies. The Ratanakiri area hosts geological settings favourable for large-scale island-arc style copper-gold deposits and gold veins.

Two targets, Pong Peay and Tapok, in the south-west and south-east respectively of the Ratanakiri leases were mapped and rock chip sampled, with a wide-spaced soil grid completed over Tapok (250 samples). Results are awaited.

Corporate

Cash in bank was \$10.4 million at 31 December 2011, with up-front payments made to service providers to secure support.

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).

The Annual General Meeting, held on 24 November 2011, had all 3 resolutions passed, being the adoption of the Financial and Remuneration Report for June 2011, and the re-election of Gavan Farley as a director.

Board Appointment

Mr John Shaw has been appointed to the Indochine Board as a Non-Executive Director. John has over 40 years' experience as a geologist, operating manager, senior executive and independent Non-Executive Director of mining enterprises in diverse cultural and political regimes in North America, Australia, Papua New Guinea, Africa and South East Asia. He is currently a Non-Executive Director of Discovery Metals Limited, Quadra Australia P/L and IAMGOLD Corporation.

Of particular benefit to Indochine is his period as Vice-President of Australian Operations of Placer Pacific and Managing Director of Kidston Gold Mines, during which time John was involved in setting-up and organising six PNG and Australian mines, including as a member of the management committee of the successful Porgera Joint Venture in PNG, adjacent to the Mt Kare project.

Stephen Promnitz
Chief Executive Officer –
Indochine Mining Limited

For Further Details:

Company:

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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.

Table 2: Recent Drill Holes (as at 25 Jan 2012)

Drill Hole		Local Plane Grid					
Met Test Drillhole	Previous Drill Hole	E	N	RL	Azimuth	Dip °	Depth m
122SD11	MK98-132	18,866.60	84,266.80	2,849.00	135	-60	77
123SD11	MK98-132	18,866.60	84,266.80	2,849.00	135	-50	105
124SD11	MK99-146	18,933.05	84,052.05	2,862.23	315	-65	49
125SD12		18,897.59	84,042.66	2,859.30	315	-45	163
126SD12	MK99-146	18,933.05	84,052.05	2,862.23	315	-65	118+
127SD12		18,912.65	84,087.70	2,869.00	135	-70	53+

(+ indicates hole underway)



Figure 3: Drill rig at 125SD12 in the WRZ resource zone

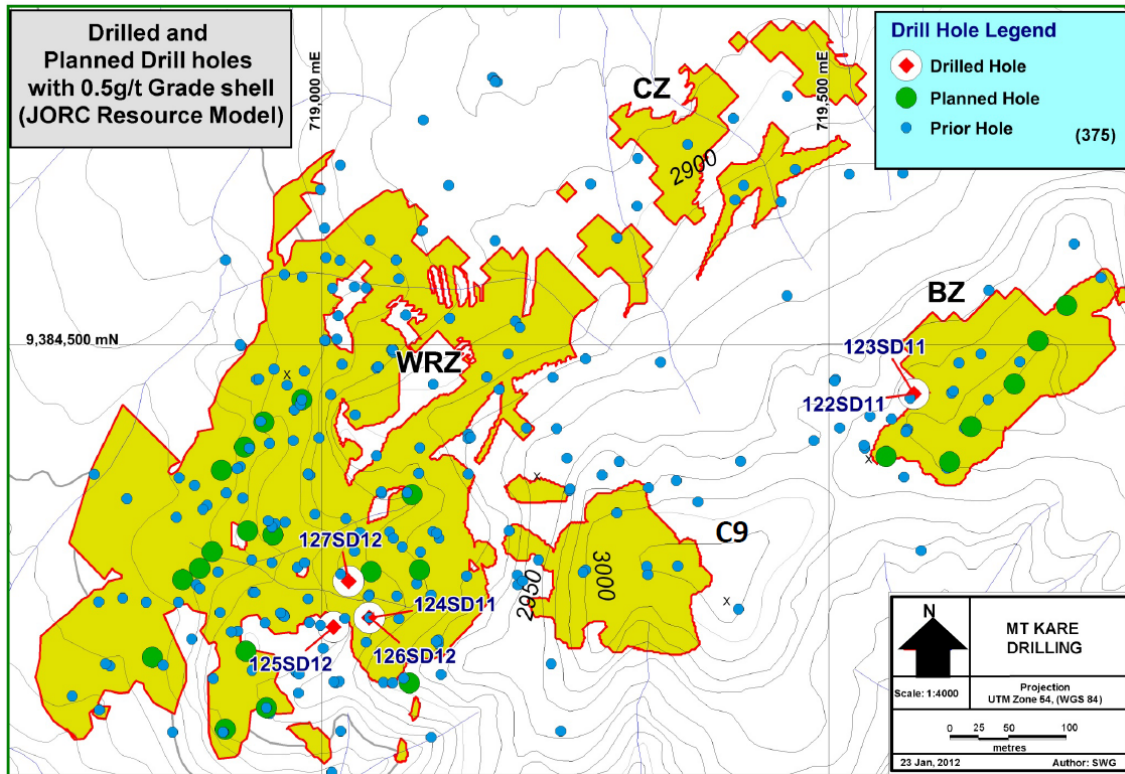


Figure 1: Plan of Mt Kare Resource with locations of drill holes and resource model zones

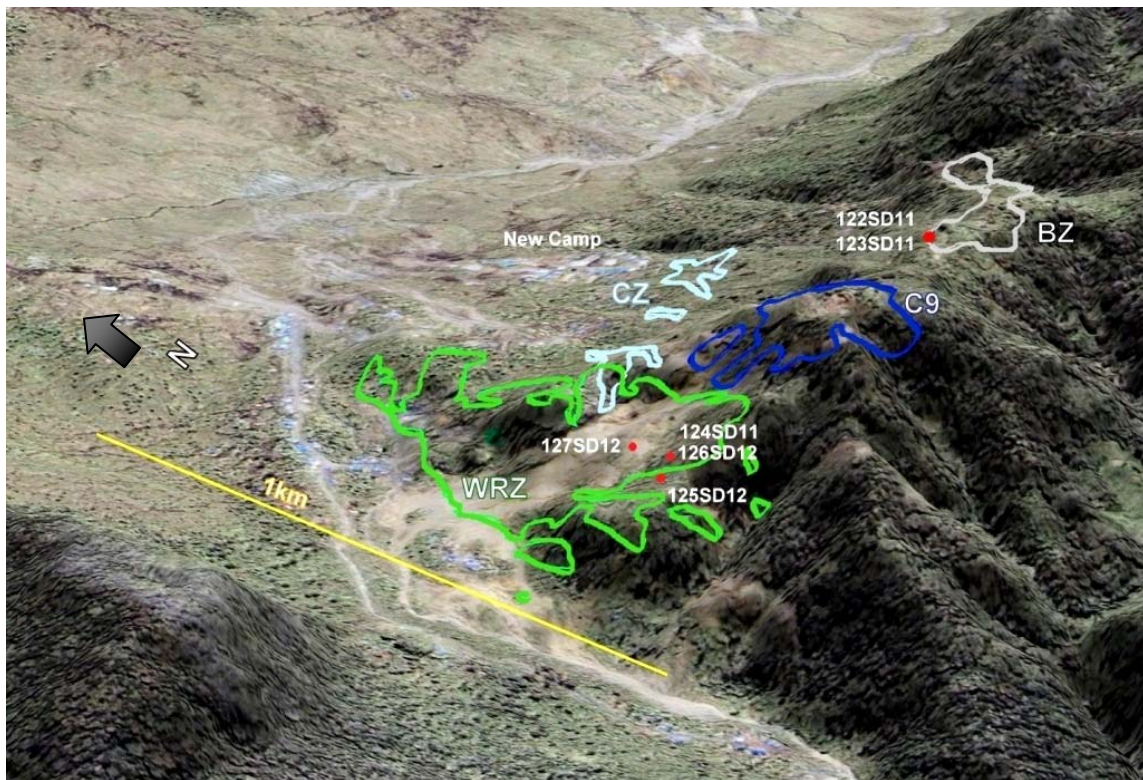


Figure 2: Oblique View of Mt Kare Resource (at surface) with locations of first drill holes



Figure 4,5,6: New camp; Helicopter support; Drill rig at 126SD12 in the WRZ zone

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")

31 December 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(5,218)	(10,853)
(b) development	-	-
(c) production	-	-
(d) administration	(765)	(1,559)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	144	314
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(5,839)	(12,098)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	13	(131)
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)	-	-
	13	(131)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(5,826)	(12,229)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(5,826)	(12,229)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(5,826)	(12,229)
1.20	Cash at beginning of quarter/year to date	16,372	22,398
1.21	Exchange rate adjustments to item 1.20	(156)	221
1.22	Cash at end of quarter	10,390	10,390

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	60
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 final payment \$ 557,961 for the Mt Kare acquisition. This brings the total cash payments for the acquisition to \$ 3,084,922 during the current financial year.

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

--

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

--

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		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	4,250
4.2	Development	
4.3	Production	
4.4	Administration	650
Total		4,900

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	2,085	3,848
5.2	Deposits at call	6,931	11,258
5.3	Bank overdraft	-	-
5.4	Other (Term deposit)	1,374	1,266
Total: cash at end of quarter (item 1.22)		10,390	16,372

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		
6.2		Interests in mining tenements acquired or increased		

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.

+ See chapter 19 for defined terms.

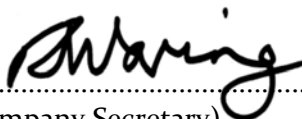
Appendix 5B
Mining exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
	*securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	491,333,324	409,356,848	n/a
	<i>(description)</i>			
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities			
	<i>(description)</i>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			
7.7	Options		Exercise price	Expiry date
	<i>(description and conversion factor)</i>	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	20,000,000	US\$0.25	18/11/11
7.11	Debentures			
	<i>(totals only)</i>			
7.12	Unsecured notes			
	<i>(totals only)</i>			

+ See chapter 19 for defined terms.

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: 30 January 2012
(Company Secretary)

Print name: Robert Waring

Notes

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

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+ See chapter 19 for defined terms.