



INDOCHINE MINING LIMITED AND CONTROLLED ENTITIES
ACN 141 677 385

Half Year Report for the half-year ended
31 December 2011

INDOCHINE MINING LIMITED

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DIRECTORS' REPORT

Your directors are pleased to submit the financial report of the consolidated group for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Ian W Ross

Gavan H Farley

Stephen G Gemell

John T Shaw (Appointed: 5 December 2011)

Review of Operations

Indochine Mining Limited (IDC), closed out the acquisition of Mt Kare EL 1093 in Papua New Guinea ("PNG") through its 100% owned subsidiary Summit Development Limited ("Summit") by satisfying all the conditions precedent of the transaction and has now embarked on a concerted drilling programme leading to a Pre- Feasibility Study (PFS) and is continuing with the exploration programme in Cambodia.

On a consolidated basis, the Company made a loss of \$1,000,000 for the period. Net assets increased from \$41,858,000 on 30 June 2011 to \$59,008,000 on 31 December 2011.

Mt Kare – Papua New Guinea

George Niumataiwalu, a prominent mining engineer, was appointed as Country Manager Papua New Guinea and Project Director, to drive the development of the Mt Kare Project. George brings a wealth of experience in PNG through his previous assignments as Country Manager and head of Morobe Consolidated Goldfields Ltd, the owners of Hidden Valley and Wafi-Golpu projects, which were successfully advanced to full feasibility study. In addition, the Company was also successful in assembling an experienced technical development team.

A JORC – compliant resource statement was released during December 2011. The new resource statement confirmed the previously estimated size and tenor of gold/silver mineralisation at Mt Kare. The 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 and 22 g/t silver. A cut off grade of 0.5g/t was used.

Three drill rigs are currently operating as part of a PFS stage drilling programme of up to 10,000m to improve and increase the current resource. Large diameter drill core is also being collected, as part of the first phase of ~2,000 metre drilling for metallurgical test work as part of the PFS, scheduled for completion in August 2012. These drill holes 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 PFS.

A new camp was completed in January 2012. This has provided much needed quality accommodation for the site staff, drilling and helicopter crews. Accordingly, drilling, helicopter and camp support has improved markedly, as have Community Affairs issues.

Cambodia

Indochine holds the largest package of exploration leases in Cambodia in two large project areas – Kratie and Ratanakiri - spanning approximately 4000km². Most of these (14 leases) were renewed during the September quarter for a further two years of exploration. 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 half year.

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 detailed soil grid completed over Tapok (250 samples). Results are awaited.

Board Appointments

Mr John Shaw was 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 Pty Ltd and IAMGOLD Corporation.

John's experience as Vice-President of Australian Operations of Placer Pacific and Managing Director of Kidston Gold Mines, during which time he 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, will be of great benefit in driving forward the Mt Kare project.

Other Activities and Company Strategy

The Company continues to focus on the exploration of its projects with the aim of finding and developing world class deposits. The Company continues to monitor resource exploration opportunities both locally and internationally.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Bird Cameron, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 12 and forms part of this Directors' Report for the half-year ended 31 December 2011.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to S.306(3) of the Corporations Act 2001.



Ian Ross
Non Executive Chairman
Date: 29 February 2012

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 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.

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Group 31 December 2011 \$'000	Consolidated Group 31 December 2010 \$'000
Continuing operations		
Interest revenue	315	20
Other income	257	-
Total revenue	572	20
Expense		
Professional fees	(48)	(114)
Insurance	(21)	(48)
Employee benefits expense	(306)	(212)
Depreciation & amortisation	(68)	(43)
Travel	(116)	(29)
Consultants	(464)	(229)
Occupancy	(92)	(23)
Public relations	(59)	(32)
Share based payments/ option cost	-	(300)
Administrative	(390)	(936)
Other expenses	(8)	(50)
Loss before income tax	(1,000)	(1,996)
Income tax benefit	-	-
Loss for the period	(1,000)	(1,996)
Other comprehensive income for the period		
Foreign currency translation reserve gains (losses)	1,150	-
Other comprehensive income/(expense) for the period	1,150	-
Total comprehensive profit (loss) for period*	150	(1,996)
*There are no non-controlling interests in Indochine Mining Limited and its controlled entities		
Earnings per share		
From continuing operations		
- Basic earnings per share	(0.21)	(0.008)
- Diluted earnings per share	(0.21)	(0.008)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2011

	Notes	Consolidated Group	
		As at 31 December 2011 \$'000	As at 30 June 2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		10,390	22,398
Trade and other receivables		564	2,064
Total current assets		10,954	24,462
Non-current assets			
Plant and equipment		479	403
Deferred mining, evaluation and exploration costs	4	50,625	17,982
Other financial assets		2	2
Total non-current assets		51,106	18,387
TOTAL ASSETS		62,060	42,849
LIABILITIES			
Current liabilities			
Trade and other payables		3,014	934
Provisions		38	57
Total current liabilities		3,052	991
TOTAL LIABILITIES		3,052	991
NET ASSETS		59,008	41,858
EQUITY			
Issued capital	5	72,880	55,880
Reserves	6	11,649	10,499
Accumulated losses		(25,521)	(24,521)
TOTAL EQUITY		59,008	41,858

The accompanying notes form part of these financials.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Contributed Equity \$'000	Accumulated Losses \$'000	Reserves \$'000	Total Equity \$'000
At 1 July 2010	20,376	(19,643)	9,076	9,809
Loss attributable to members of the parent entity	-	(1,996)	-	(1,996)
Shares issued during the year	20,654	-	-	20,654
Movements in reserves	-	-	(1,444)	(1,444)
At 31 December 2010	41,030	(21,639)	7,632	27,023
At 1 July 2011	55,880	(24,521)	10,499	41,858
Loss attributable to members of the parent entity	-	(1,000)	-	(1,000)
Shares issued during the year	17,000	-	-	17,000
Movements in reserves	-	-	1,150	1,150
At 31 December 2011	72,880	(25,521)	11,649	59,008

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flow

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Group 31 December 2011 \$'000	Consolidated Group 31 December 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,560)	(487)
Interest received	315	16
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,245)	(471)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(10,853)	(1,011)
Proceeds from sale of plant and equipment	-	8
Acquisition of plant and equipment	(131)	(7)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(10,984)	(1,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	20,354
Payment of share issue costs	-	(2,007)
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	18,347
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(12,229)	16,866
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	22,398	786
Foreign exchange translation difference	221	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,390	17,652

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Indochine Mining Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact on and not resulted in the Group's presentation of, or disclosure in, its half-year financial statements.

NOTE 2: PROFIT FOR THE PERIOD

	31.12.2011 \$'000	31.12.2010 \$'000
The following revenue and expense items are relevant in explaining the financial performance for the interim period		
Depreciation and amortisation	68	43
Share based payment expense	-	300

NOTE 3: OPERATING SEGMENTS

Geographical segments

	Australia \$'000	Cambodia \$'000	PNG \$'000	Total \$'000
31 December 2011				
Segment revenue	572	-	-	572
Segment expenses	(1,164)	(408)	-	(1,572)
Segment loss	(592)	(408)	-	(1,000)
Segment assets	10,613	13,521	37,926	62,060
Segment liabilities	(738)	(171)	(2,143)	(3,052)

Geographical segments

	Australia \$'000	Cambodia \$'000	PNG \$'000	Total \$'000
31 December 2010				
Segment revenue	20	-	-	20
Segment expenses	(1,853)	(163)	-	(2,016)
Segment loss	(1,833)	(163)	-	(1,996)
Segment assets	26,025	2,864	-	28,889
Segment liabilities	(1,910)	-	-	(1,910)

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

	31.12.2011 \$'000	30.6.2011 \$'000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation expenditure – at cost		
Cambodia	12,706	11,409
PNG	37,919	6,573
	50,625	17,982

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas. The PNG exploration and evaluation expense for the period includes \$22,851,000 for the acquisition of Mt Kare, which includes \$17,000,000 (non-cash) relating to the issue of 34,000,000 million shares.

NOTE 5: ISSUED CAPITAL

	31.12.2011	30.6.2011
<i>Ordinary shares</i>		
Issued and fully paid	491,333,324	423,333,324
	No.	\$'000
Issued Capital 1 July 2011	423,333,324	55,880
<i>Movements in ordinary shares on issue</i>		
During period 1 July 2011 to 31 December 2011	68,000,000	17,000
At 31 December 2011	491,333,324	72,880

NOTE 6: SHARE OPTIONS AND RESERVES

	No.	\$'000
<i>Movements in options over ordinary shares on issue</i>		
At 1 July 2011	95,230,000	10,499
Options expired	20,000,000	-
Increase in FX Reserve	-	1,150
At 31 December 2011	75,230,000	11,649

NOTE 7: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 8: CONTINGENT LIABILITIES

There have been no changes in the commitments or contingencies as outlined in the 30 June 2011 annual report.

NOTE 9: EVENTS AFTER THE END OF THE INTERIM PERIOD

No material subsequent events have occurred since the half year ended 31 December 2011.

Directors' Declaration

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to S.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Ian Ross
Non Executive Chairman
Date: 29 February 2012

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indochine Mining Limited for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

G N Sherwood
GNS
G N SHERWOOD
Partner

Sydney, NSW
Dated: 29 February 2012

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
INDOCHINE MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Indochine Mining Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indochine Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Indochine Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Indochine Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

 GNS

G N SHERWOOD
Partner

Sydney, NSW

Dated: 29 February 2012