INDOCHINE RESOURCES LTD

ACN 119 808 007

FINANCIAL REPORT
For the year ended 30 June 2009

Contents to Financial Report

Directors' Report

Your directors submit their report for the period ended 30 June 2009.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Robert E Coghill	(Appointed: 18 April 2007)
Christopher E Eddy	(Appointed: 4 July 2007)
David A Evans	(Appointed: 22 May 2006)
Jeremy D Snaith	(Appointed: 22 May 2006)
Ross M Hill	(Appointed: 24 August 2007)
Gavan H Farley	(Appointed: 15 December 2008)
Ian W Ross	(Appointed: 18 February 2009)

Names, qualifications, experience and special responsibilities

David A Evans BSc

Since beginning work in 1994 as a geologist, David has worked with various Australian mining projects including Great Central Minies NL's Bronzewing Gold Mine, Anaconda Nickel NL's Murrin Murrin Nickel Cobalt Project and Ashton Mining Ltd's Merlin Diamond Project in the Northern Territory. David has also worked in the stock broking industry as both analyst and dealer as well as in the area of corporate financier and investment banking.

Jeremy D Snaith Bsc (Geol) MAusIMM

Jeremy has worked on a number of mineral discoveries and for a wide variety of companies and projects including PNC (Japan) in Arnhem Land for Uranium (NT), Golden Shamrock Mines at Cobar Copper Mine for Copper (NSW), The Discovery 2000 Program (NSW Government) for various minerals in Northern NSW, North Pacific (USA) at Girilambone copper mine base for base metals (NSW), Mt Edon Gold Mines at the Tarmoola Gold Mine (WA).

He has also worked in a stock broking firm as a mining analyst and was involved in corporate advice and capital raisings. Most recently, he was a key member in the acquisition of the world class Guanaco Gold Mine and Punitaqui Gold Mine, both in Chile.

Christopher E Eddy Bsc (Mathematics), F.Fin

Chris is a Dubai based investment banker with over 25 years experience in global capital markets, exploration (gold, platinum, metalliferous, diamonds, coal, oil and gas), mining equipment fleet finance, resource acquisition and resource disposal. He has also served as an Executive Director of ASX listed exploration companies Challenger Mining, Bullion Minerals and Golden Deeps - companies that explored Botswana, South Africa, Western Australia, Northern Territory and New South Wales.

Robert E Coghill B. Bus (Acctng), M. Com, CPA, FCIS, FTIA

Robert is a Certified Practising Accountant with 30 years experience in fund raising and corporate advice to both listed and unlisted companies. He has a Master of Commerce from New South Wales University and is Fellow of the Chartered Secretaries Australia and a Fellow of Taxation Institute of Australia. Robert was a Director of the Equitilink group of companies and was a seed shareholder of the group. He had key responsibility for capital raising for Austalian and international equity fund, fixed interest and superannuation funds. Robert was a director and fund raiser for Western Reefs Limited and played a key role in fundraising for Golden Deeps Ltd. Both these ASX listed companies were exploring for gold in the Kalgoorlie region. Robert was Executive Chairman of Champion Resources Limited (now Augur Resources Limited), a New South Wales gold and base metals exploration company which listed on the ASX in October 2007.

Ross M. Hill B.Leg S (Law) Macq

Ross Hill is an experienced licenced lawyer and leading advocate with a combined 19 years of business and professional experience. Ross has for several years acted as an Executive & Independent Director of a range of Private, listed and unlisted Public Companies with Mining Activities based throughout South East Asia. He has extensive administrative experience and has developed a keen interest in Environmental Law and Practice & International Law & Business. Ross Hill & Associates Pte Ltd is a registered Legal and Business Consultancy Service in Phnom Penh Cambodia wherein he, as the now non-executive Principal, is very well respected and connected. Ross is a renowned negotiator and facilitator of all business dealings and instruments with expertise in the South East Asian region.

Gavan H Farley Dip Bus (F.I.T), Masters of Business Administration (Finance)

Gavan has a career spanning 30 years international management. Gavan is currently General Manager of Empire Securities Group and director of FCMS Holdings Inc of the USA. Previously, Gavan was Managing Director of Farley Laserlab USA Inc and Farley Europe Ltd. Gavan has held management positions in Hotels and Resorts.

Directors' Report

Ian W Ross Dip Bus (London), A.I.B (U.K.)
Chairman
Ian has a wealth of experience from working in the finance and mining industry for over 45 years in London, New York and Sydney. Since moving to Sydney in 1979 he has been involved at a senior executive level in the development of countless major mining developments in the Asian Region. Ian lived in China for 5 years during which time he incorporated his own mining company which was taken over by the Canadian entrepreneur Robert Friedland in 1992. Upon returning to Sydney, Ian continued to work directly for Robert Friedland in a range of senior executive roles in the Ivanhoe Group of Companies throughout the world until his retirement in 2005.

Ian is a non-executive director of the ASX listed Union Resources Limited, and was non-Executive Chairman of the ASX listed Intec Limited until his retirement on 31 December 2007.

As at the date of this report, the interests of the directors in the shares and options of Indochine Resources Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Robert E Coghill	5,000,000	5,000,000
Christopher E Eddy	5,000,000	-
David A Evans	16,353,300	15,000,000
Jeremy D Snaith	10,000,000	10,000,000
Ross M Hill	5,000,000	5,000,000
Gavan H Farley	500,000	-
Ian W Ross	-	2,000,000

DIVIDENDS
No dividends have been paid or declared during the financial year, nor do the directors recommend the declaration of a dividend.

CORPORATE INFORMATION
Indochine Resources Ltd is a company limited by shares that is incorporated and domiciled in Australia.

The registered office of the company is, Level 5, 2 Bligh Street, Sydney, NSW 2000.

PRINCIPAL ACTIVITIES
The principal activities of the Group during the year was the exploration of mining tenemants.

OPERATING AND FINANCIAL REVIEW
During the 2009 financial year the Group continued with the process of exploring its mining tenemants and accordingly no revenue was derived other than interest income on cash held with financial institutions.

OPERATING RESULTS FOR THE YEAR
The net loss after tax of the consolidated entity for the year ended 30 June 2009 was $3,617,503 (2008: Loss after tax of $4,662,697) which included impairment write-downs on loans made to third parties of $335,846 (2008: $196,881).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
During the year the consolidated entity continued with the exploration of its mining tenements which resulted in a reduction in cash assets from $6,121,742 to $1,192,649. Other significant balance sheet movements which were effected by the increased mining exploration activity was the $2,619,364 increase in deferred mining evaluation and exploration costs, the increase in property, plant and equipment of $157,656 and the $717,480 increase in trade and other payables.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE
Subsequent to year end the company raised $3,032,610 (net of costs) from the issue of ordinary shares through private placements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS
Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE
The economic entity's operations are subject to significant environmental regulation in respect to its exploration activities. There have been no reports of breaches of environmental regulations during the financial year or to the date of this report.

Directors' Report

SHARE OPTIONS

The following options over ordinary shares in the Company has been granted to the directors. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options.

Directors	*Number of Options over Ordinary Shares*
Robert E Coghill	5,000,000
Christopher E Eddy	-
David A Evans	15,000,000
Jeremy D Snaith	10,000,000
Ross M Hill	5,000,000
Gavan H Farley	-
Ian W Ross	2,000,000

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

DIRECTORS' MEETINGS

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Robert E Coghill	12	12
Christopher E Eddy	12	10
David A Evans	12	12
Jeremy D Snaith	12	12
Ross M Hill	12	12
Ian W Ross	5	4
Gavan H Farley	8	8

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Gould Ralph Assurance. A copy has been included on page 5 of the report.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Gould Ralph Assurance received or are due to receive the following amounts for the provision of non-audit services:

	$
Technical assistance with the preparation of the financial statements	7,000

Signed in accordance with a resolution of the directors.

Robert E Coghill
Director

Sydney
Dated this 15th day of January 2010

GouldRalph
ASSURANCE

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15 January 2010

The Board of Directors
Indochine Resources Limited
Level 5, 2 Bligh Street
SYDNEY NSW 2000

Dear Directors

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

We declare that, to the best of our knowledge and belief, during the period ended 30 June 2009 there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable Code of Professional Conduct in relation to the audit.

Yours faithfully
GOULD RALPH ASSURANCE

GREGORY C RALPH M.Com., F.C.A.
Partner

Income Statement
For the year ended 30 June 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
Continuing operations					
Revenues	3(a)	210,941	295,964	811,808	290,418
Professional fees		(173,368)	(497,178)	(163,966)	(340,052)
Insurance expenses		(53,601)	(75,326)	(38,599)	(43,409)
Employee benefits expense		(1,745,263)	(206,136)	(1,673,090)	(15,257)
Depreciation and amortisation expense	3(b)	(110,621)	(24,258)	(3,822)	(4,102)
Travel expenses		(392,794)	(311,854)	(57,278)	(89,836)
Consultancy fees		(223,076)	(2,823,592)	(157,920)	(2,596,742)
Lease and occupancy expenses		(342,820)	(411,950)	(154,664)	(251,064)
Public relations and marketing expenses		(8,345)	(49,054)	(8,079)	(47,192)
Impairment write-downs		(335,846)	(196,881)	(2,150,364)	(1,409,100)
Other expenses		(442,710)	(362,432)	(372,817)	(83,514)
Loss before income tax		(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)
Income tax (expense)/benefit	4	-	-	-	-
Loss after tax from continuing operations		(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)
Loss attributable to members		(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet
As at 30 June 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	5	1,192,649	6,121,742	777,269	5,664,462
Trade and other receivables	6	104,819	420,181	49,773	368,572
Other assets	7	-	54,330	-	13,909
Total Current Assets		1,297,468	6,596,253	827,042	6,046,943
Non Current Assets					
Trade & other receivables	6	-	-	1,571,110	1,017,065
Property, plant & equipment	8	594,467	436,811	35,775	37,369
Deferred mining evaluation and exploration costs	9	3,692,316	1,072,952	2,555,084	998,448
Other financial assets	10	2,000	2,000	3,020	3,020
Total Non Current Assets		4,288,783	1,511,763	4,164,989	2,055,902
TOTAL ASSETS		5,586,251	8,108,016	4,992,031	8,102,845
LIABILITIES					
Current Liabilities					
Trade and other payables	11	804,418	86,938	804,418	86,938
Provisions	12	137,329	-	137,329	-
Total Current Liabilities		941,747	86,938	941,747	86,938
Non-current Liabilities					
Provisions	12	2,168	-	2,168	-
Total Non-current Liabilities		2,168	-	2,168	-
TOTAL LIABILITIES		943,915	86,938	943,915	86,938
NET ASSETS		4,642,336	8,021,078	4,048,116	8,015,907
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	13	13,565,836	13,564,836	13,565,836	13,564,836
Accumulated losses		(9,239,279)	(5,621,776)	(9,517,720)	(5,548,929)
Reserves	14	315,779	78,018	-	-
TOTAL EQUITY		4,642,336	8,021,078	4,048,116	8,015,907

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2009

	Attributable to equity holders of the company			*Total equity*
	Issued capital	*Accumulated losses*	*Foreign currency reserve*	
	$	*$*	*$*	*$*
CONSOLIDATED				
At 30 June 2007	1,100,500	(959,079)	-	141,421
Loss for the year	-	(4,662,697)	-	(4,662,697)
Currency translation reserve	-	-	78,018	78,018
Issue of share capital	12,464,336	-	-	12,464,336
At 30 June 2008	13,564,836	(5,621,776)	78,018	8,021,078
Loss for the year	-	(3,617,503)	-	(3,617,503)
Currency translation reserve	-	-	237,761	237,761
Issue of share capital	1,000	-	-	1,000
At 30 June 2009	13,565,836	(9,239,279)	315,779	4,642,336
THE COMPANY				
At 30 June 2007	1,100,500	(959,079)	-	141,421
Loss for the year	-	(4,589,850)	-	(4,589,850)
Issue of share capital	12,464,336	-	-	12,464,336
At 30 June 2008	13,564,836	(5,548,929)	-	8,015,907
Loss for the year	-	(3,968,791)	-	(3,968,791)
Issue of share capital	1,000	-	-	1,000
At 30 June 2009	13,565,836	(9,517,720)	-	4,048,116

The Statement of Change in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement
For the year ended 30 June 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
Cash flows from operating activities					
Payments to suppliers and employees		(2,155,309)	(5,228,137)	(1,736,728)	(6,291,887)
Interest received		210,941	295,964	216,569	290,418
Net cash flows (used in) operating activities	5	(1,944,368)	(4,932,173)	(1,520,159)	(6,001,469)
Cash flows from investing activities					
Purchase of property, plant and equipment		(263,412)	(463,925)	(2,228)	(39,392)
Payments for mining interests & exploration costs		(2,624,228)	(877,087)	(1,556,636)	(807,447)
Purchase of other financial assets		-	(2,000)	-	(3,020)
Net cash flows (used in) investing activities		(2,887,640)	(1,343,012)	(1,558,864)	(849,859)
Cash flows from financing activities					
Proceeds from issues of ordinary shares		1,000	12,464,336	1,000	12,464,336
Repayment of loans from third parties		-	-	300,000	-
Loans to related parties		(335,846)	(196,881)	(2,109,170)	-
Net cash flows (used in)/from financing activities		(334,846)	12,267,455	(1,808,170)	12,464,336
Net (decrease)/increase in cash and cash equivalents		(5,166,854)	5,992,270	(4,887,193)	5,613,008
Cash and cash equivalents at beginning of year		6,121,742	51,454	5,664,462	51,454
Foreign exchange translation difference		237,761	78,018	-	-
Cash and cash equivalents at end of year	5	1,192,649	6,121,742	777,269	5,664,462

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2009

1 CORPORATE INFORMATION

The financial report of Indochine Resources Ltd for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 15 January 2010.

Indochine Resources Ltd is a company limited by shares incorporated and domiciled in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred significant trading losses of $3,617,503 in the year ended 30 June 2009 (2008 - Loss of $4,662,697) and had accumulated losses of $9,239,279 as at 30 June 2009.

At 31 December 2009, the group had cash reserves of $2million against a forecast net spend to 31 December 2010 of $8.4million. These conditions give rise to a material uncertainty that may cast doubt upon the Company's and the Group's ability to continue as a going concern. The continued operation of the Company is dependent upon raising significant additional funding from shareholders and /or other parties.

The directors have prepared cash flow projections that support the ability of the Company to continue as a going concern. More particularly, the forecasts reflect an expectation to raise approximately $1.5 million further seed capital and list on the Australian Stock Exchange in March 2010 by an initial public offering that will raise an additional $13.4million (net of costs). A full subscription to those offers will be adequate to fund all projected expenditure for the next two years, until March 2012.

In the event that the Company does not raise the further capital as required, the company and group may be unable to continue their operations as a going concern. In that circumstance the Company and the Group are unlikely to realise their assets and extinguish their liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Indochine Resources Limited and its subsidiary as at 30 June 2009 ('the Group').

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

• when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

• when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

• when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Exploration and development expenditure

Exploration and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permitts reasonable assessment of the existence of economically recoverably reserves.

Accumulated costs in relation to an abandoned area are written off in full in the income statement in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(k) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Computer equipment:	10% - 33%
- Furniture and fittings:	5% - 15%
- Improvements:	5% - 10%
- Equipment:	5% - 33%
- Motor vehicles:	6.67% - 15%
- Boat	7.5%

Notes to the Financial Statements (continued)
For the year ended 30 June 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

(l) Trade and other payables
Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Employee leave benefits
Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Comparatives
Where necessary, comparatives have been reclassfied and repositioned for consistency with current year disclosures.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	$	$	$	$
3 REVENUE AND EXPENSES				
Revenue and Expenses from Continuing Operations				
(a) Revenue				
Components of finance revenue				
Bank interest received	194,589	275,418	200,218	275,418
Interest on loan receivables	16,352	20,546	611,590	15,000
Total finance income	210,941	295,964	811,808	290,418
(b) Depreciation and amortisation expense				
Depreciation of non-current assets				
Computer equipment	2,500	2,683	2,499	2,683
Furniture and fittings	7,725	1,554	1,323	1,419
Improvements	611	184	-	-
Equipment	36,805	3,869	-	-
Motor vehicles	62,802	15,932	-	-
Boat	178	36	-	-
Total depreciation of non-current assets	110,621	24,258	3,822	4,102

4 INCOME TAX

a) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the period ended 30 June 2009 and 30 June 2008 is as follows:

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
Accounting loss before tax from continuing operations	(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)
Accounting loss before income tax	(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)
At the statutory income tax rate of 30% (2008: 30%)	(1,085,251)	(1,398,809)	(1,190,637)	(1,376,955)
Permanent differences - impairment write-downs	100,754	56,064	645,109	422,730
Transaction costs on issue of shares	-	(46,623)	-	(46,623)
Temporary differences not previously brought to account - mining costs	(785,809)	(263,126)	(466,991)	(242,234)
Tax losses and timing differences not brought to account	1,770,305	1,649,494	1,012,518	1,243,082
Income tax expense	-	-	-	-
Effective income tax rate	0%	0%	0%	0%
b) Tax balances not brought to account				
Deferred tax liability comprises of:				
Deferred mining exploration and evaluation costs	(1,107,695)	(321,886)	(766,525)	(299,534)
Deferred tax assets comprise of:				
Provisions	41,849	-	41,849	-
Net deferred tax liability	(1,065,846)	(321,886)	(724,676)	(299,534)
Tax losses not brought to account	10,442,796	5,855,563	7,778,979	4,737,899
Potential income tax benefit	3,132,839	1,756,669	2,333,694	1,421,370

Notes to the Financial Statements (continued)
For the year ended 30 June 2009

	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	$	$	$	$
5 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	1,192,649	3,169,667	777,269	2,712,387
Short-term deposits	-	2,952,075	-	2,952,075
	1,192,649	6,121,742	777,269	5,664,462
Cash at bank earns interest at floating rates based on daily bank deposit rates.				
Reconciliation of cash				
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:				
Cash at bank and in hand	1,192,649	3,169,667	777,269	2,712,387
Short-term deposits	-	2,952,075	-	2,952,075
	1,192,649	6,121,742	777,269	5,664,462
Reconciliation from the net loss after tax to the net cash flows from operations				
Net profit/(loss)	(3,617,503)	(4,662,697)	(3,968,791)	(4,589,850)
Adjustments for:				
Depreciation	110,621	24,258	3,822	4,102
Impairment write-downs	335,846	196,881	2,150,364	1,409,100
Interest received from subsidiaries	-	-	(595,239)	-
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	315,361	(382,294)	18,799	(2,759,871)
Increase in other assets	54,330	(52,330)	13,909	(13,909)
(Decrease)/increase in trade and other creditors	717,480	(55,991)	717,480	(51,041)
(Decrease)/increase in provisions	139,497	-	139,497	-
Net cash flow (used in) operating activities	(1,944,368)	(4,932,173)	(1,520,159)	(6,001,469)
6 TRADE AND OTHER RECEIVABLES				
Current				
Sundry debtors	17,235	41,204	17,235	36,034
Deposits paid	87,584	78,977	32,538	32,538
	104,819	120,181	49,773	68,572
Receivable from Aries Mining Limited	210,872	204,434	210,872	204,434
Less: provision for impairment	(210,872)	(204,434)	(210,872)	(204,434)
	-	-	-	-
Loan to Jakapat Mining Limited	-	300,000	-	300,000
Loan to Asia Pacific Gold and Copper Company Limited	532,727	196,881	284,647	-
Less: provision for impairment	(532,727)	(196,881)	(284,647)	-
	-	-	-	-
	104,819	420,181	49,773	368,572
Non Current				
Related party receivables - refer to Note 16 (a) - (c)				
Loan to wholly owned subsidiary	-	-	4,845,927	2,426,165
Less: provision for impairment	-	-	(3,274,817)	(1,409,100)
	-	-	1,571,110	1,017,065
7 OTHER ASSETS				
Prepayments	-	54,330	-	13,909

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	CONSOLIDATED		*THE COMPANY*	
	2009	*2008*	*2009*	*2008*
	$	*$*	*$*	*$*
8 PROPERTY, PLANT AND EQUIPMENT				
a) Carrying values				
Computer equipment - at cost	30,423	28,723	30,423	28,723
Less: accumulated depreciation	(6,002)	(4,389)	(6,002)	(2,970)
	24,421	24,334	24,421	25,753
Furniture and fittings - at cost	51,988	18,502	13,563	13,036
Less: accumulated depreciation	(8,155)	(126)	(2,209)	(1,420)
	43,833	18,376	11,354	11,616
Improvements - at cost	7,009	5,992	-	-
Less: accumulated depreciation	(568)	(171)	-	-
	6,441	5,821	-	-
Equipment - at cost	242,194	88,000	-	-
Less: accumulated depreciation	(34,194)	(3,607)	-	-
	208,000	84,393	-	-
Motor vehicles - at cost	359,469	317,703	-	-
Less: accumulated depreciation	(48,809)	(14,854)	-	-
	310,660	302,849	-	-
Boat - cost	1,277	1,071	-	-
Less: accumulated depreciation	(165)	(33)	-	-
	1,112	1,038	-	-
Total	594,467	436,811	35,775	37,369
b) Movements in carrying values				
Computer equipment				
Carrying value at the beginning of the year	24,334	-	25,753	-
Additions	1,700	28,723	1,700	28,723
Disposals	-	-	(532)	-
Depreciation	(2,500)	(4,102)	(2,500)	(2,970)
Foreign exchange adjustments	887	(287)	-	-
Carrying value at the end of the year	24,421	24,334	24,421	25,753
Furniture and fittings				
Carrying value at the beginning of the year	18,376	2,079	11,616	2,079
Additions	26,900	16,135	2,760	10,669
Disposals	-	-	(1,700)	-
Depreciation	(7,725)	(135)	(1,323)	(1,132)
Foreign exchange adjustments	6,282	297	-	-
Carrying value at the end of the year	43,833	18,376	11,353	11,616
Improvements				
Carrying value at the beginning of the year	5,821	-	-	-
Additions	-	5,992	-	-
Disposals	-	-	-	-
Depreciation	(611)	(184)	-	-
Foreign exchange adjustments	1,231	13	-	-
Carrying value at the end of the year	6,441	5,821	-	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	$	$	$	$
Equipment				
Carrying value at the beginning of the year	84,393	-	-	-
Additions	120,185	88,000	-	-
Disposals	-	-	-	-
Depreciation	(36,805)	(3,869)	-	-
Foreign exchange adjustments	40,227	262	-	-
Carrying value at the end of the year	208,000	84,393	-	-
Motor vehicles				
Carrying value at the beginning of the year	302,849	-	-	-
Additions	107,884	317,703	-	-
Disposals	(98,484)	-	-	-
Depreciation	(62,802)	(15,932)	-	-
Foreign exchange adjustments	61,213	1,078	-	-
Carrying value at the end of the year	310,660	302,849	-	-
Boat				
Carrying value at the beginning of the year	1,038	-	-	-
Additions	-	1,071	-	-
Disposals	-	-	-	-
Depreciation	(178)	(36)	-	-
Foreign exchange adjustments	252	3	-	-
Carrying value at the end of the year	1,112	1,038	-	-
Total				
Carrying value at the beginning of the year	436,811	2,079	37,369	2,079
Additions	256,669	457,621	4,460	39,392
Disposals	(98,484)		(2,232)	-
Depreciation	(110,621)	(24,258)	(3,823)	(4,102)
Foreign exchange adjustments	110,092	1,369	-	-
Carrying value at the end of the year	594,467	436,811	35,774	37,369

9 DEFERRED MINING EVALUATION AND EXPLORATION COSTS

Costs carried forward in respect of areas of interest (i) :	3,692,316	1,068,088	2,555,084	998,448

(i) 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.

10 OTHER FINANCIAL ASSETS

Available for sale financial assets:				
Investment in Tiarro Coal Limited	2,000	2,000	2,000	2,000
Investment in subsidiaries:				
Investment in Indochine Resources Cambodia Limited	-	-	1,020	1,020
	2,000	2,000	3,020	3,020

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
11 TRADE AND OTHER PAYABLES (CURRENT)				
Trade and other payables	804,418	86,938	804,418	86,938

Trade payables are non-interest bearing and are normally settled on 60-day terms.

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
12 PROVISIONS				
Current				
Annual leave	137,329	-	137,329	-
	137,329	-	137,329	-
Non Current				
Long service leave	2,168	-	2,168	-
	2,168	-	2,168	-
13 CONTRIBUTED EQUITY				
(i) Ordinary shares				
Issued and fully paid	13,565,836	13,564,836	13,565,836	13,564,836

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2009 No. of shares	2009 $	2008 No. of shares	2008 $
Movement in ordinary shares on issue				
At beginning of the year	196,934,294	13,564,836	72,383,333	1,100,500
Shares issued during the year	6,000,000	1,000	124,550,961	13,241,393
less: Transaction costs on share issue	-	-	-	(777,057)
At the end of the year	202,934,294	13,565,836	196,934,294	13,564,836

(b) Terms and conditions of contributed equity

(i) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(c) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The company's capital includes ordinary share capital supported by financial assets. The company's financial liabilities consist of trade creditors.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of distributions to shareholders and share issues.

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	THE COMPANY 2009 $	THE COMPANY 2008 $
14 RESERVES				
Foreign currency translation reserve	315,779	78,018	-	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

15 FINANCIAL INSTRUMENTS

Policies

The company's principal financial instruments, comprise of cash at bank, short term deposits and trade creditors.

The company manages its risk exposure of its financial instruments in accordance with the guidance from the board of Directors. The main risks arising from the company's financial instruments are interest rate risk and liquidity risks. The company uses different methods to manage and minimise its exposure to risks. These include monitoring levels of interest rates fluctuations to maximise the return of bank balances and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The final approval and monitoring of any of the theses policies is carried out by the Board which review and agree on the policies for managing each of the risks as summarised below;

The primary responsibility to monitor the financial risks lies with the Managing Director under the authority of the Board. The Board agrees and approved policies for managing each of the risks indentified below, including the setting approval limits for purchases and monitoring projections of future cash flow.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Risk Exposures

(a) Interest rate risk and maturity analysis

The group has exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Consolidated group	Within 6 months	Greater than 12 months	Effective interest rate	Within 6 months	Greater than 12 months	Effective interest rate
	2009	2009		2008	2008	
	$		%	$		%
Financial Assets						
Cash and cash equivalents	1,192,649	-	2.25%	6,121,742	-	6.35%
Trade and other receivables	104,819	-	0%	120,181	-	0%
Loans to third parties	-	-	N/A	300,000	-	14%
Financial Liabilities						
Trade and other payables	(804,418)	-	N/A	(86,938)	-	N/A
Net Exposure	493,050	-		6,454,985	-	

Parent	Within 6 months	Greater than 12 months	Effective interest rate	Within 6 months	Greater than 12 months	Effective interest rate
	2009	2009		2008	2008	
	$		%	$		%
Financial Assets						
Cash and cash equivalents	777,269	-	2.25%	5,664,462	-	5.35%
Trade and other receivables	49,773	-	0%	68,572	-	0%
Loans to third parties	-	-	N/A	300,000	-	14%
Intercompany receivable	-	1,571,110	10%	-	1,017,065	10%
Financial Liabilities						
Trade and other payables	(804,418)	-	N/A	(86,938)	-	N/A
Net Exposure	22,624	1,571,110		5,946,096	1,017,065	

The company does not have interest rate swap contracts. At maturity the fixed term deposit is renewed less any cash required to operate for the amount of time of the renewal. The company normally invests its funds in at least one fixed term deposit to maximise the available interest rates. The company always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

Notes to the Financial Statements (continued)
For the year ended 30 June 2009

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance sheet date.

At 30 June 2009, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post tax loss and equity would have been affected as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	Post Tax Loss (Higher)/Lower for the year	Post Tax Loss (Higher)/Lower for the year	Post Tax Loss (Higher)/Lower for the year	Post Tax Loss (Higher)/Lower for the year
+ 400 basis points higher interest rate	33,986	44,045	1,086	20,380
- 400 basis points lower interest rate	(130,588)	(347,953)	(256,583)	(208,256)

The above effects on profit/loss for the year also equate to the effects on equity.
The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rates on cash balances.

Interest rate risk table:

Consolidated

Financial instruments for the period ended 30 June 2009	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
(i) Financial assets				
Cash	1,192,649		1,192,649	2.25%
Trade and other receivables		104,819	104,819	N/A
Other financial assets		2,000	2,000	N/A
Total financial assets	1,192,649	106,819	1,299,468	
(ii) Financial liabilities				
Payables and accruals	-	804,418	804,418	N/A
Total financal liabilities	-	804,418	804,418	

Financial instruments for the period ended 30 June 2008	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
(i) Financial assets				
Cash	6,121,742		6,121,742	6.35%
Trade and other receivables		120,181	120,181	N/A
Loans to third parties	300,000		300,000	14%
Other assets		54,330	54,330	N/A
Other financial assets		2,000	2,000	N/A
Total financial assets	6,421,742	176,511	6,598,253	
(ii) Financial liabilities				
Payables and accruals	-	86,938	86,938	N/A
Total financal liabilities	-	86,938	86,938	

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

Interest rate risk table (continued):

Parent

Financial instruments for the period ended 30 June 2009	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
(i) Financial assets				
Cash	777,269		777,269	2.25%
Trade and other receivables		49,773	49,773	N/A
Loans to Related Parties	1,571,110		1,571,110	10%
Other financial assets		3,020	3,020	N/A
Total financial assets	2,348,379	52,793	2,401,172	
(ii) Financial liabilities				
Payables and accruals	-	804,418	804,418	N/A
Total financal liabilities	-	804,418	804,418	

Financial instruments for the period ended 30 June 2008	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
(i) Financial assets				
Cash	5,664,462		5,664,462	6.35%
Trade and other receivables		68,572	68,572	N/A
Loans to third parties	300,000		300,000	14%
Loans to Related Parties	1,017,065		1,017,065	10%
Other assets		13,909	13,909	N/A
Other financial assets		3,020	3,020	N/A
Total financial assets	6,981,527	85,501	7,067,028	
(ii) Financial liabilities				
Payables and accruals	-	86,938	86,938	N/A
Total financal liabilities	-	86,938	86,938	

(b) Liquidity risk

The company's objective is to maximise its cash availability by adhering to the exploration program and evaluating current charges of various suppliers. Before the exploration program is completed the company will seek additional funds from existing investors or new investors or a combination of both.

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

(c) Credit risk

The company has the following outstanding trade and other receivable as at year end with the following credit ratings:

Consolidated entity

	Credit Rating	2009 $	2008 $
Employee loans	Not rated	-	13,000
Loan to Jakapat Mining Ltd	Not rated	-	300,000
Deposits paid	AAA	87,584	78,977
Other	Not rated	17,235	28,204
TOTAL		104,819	420,181

Parent Entity

	Credit Rating	2009 $	2008 $
Employee loans	Not rated	-	13,000
Loan to subsidiary	Not rated	1,571,110	1,017,065
Loan to Jakapat Mining Ltd	Not rated	-	300,000
Deposits paid	AAA	32,538	32,538
Other	Not rated	17,235	23,034
TOTAL		1,620,883	1,385,637

d) Foreign Currency Risk

As a result of significant operations in Cambodia and expenses being denominated in United States Dollars, the group's balance sheet can be affected significantly by movements in the US$/A$ exchange rates. The group seeks to mitigate the effect of its foreign currency exposure by holding US dollar bank accounts in is wholly owned subsidiary. The group has no transactional currency sales exposures as the entity is still in its exploration and evaluation phase.

The group has no foreign currency forward contracts in place nor does it have any foreign currency cash flow hedges.

At 30 June 2009, the group had the following exposure to US$ foreign currency that is not designated in cash flow hedges:

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Financial assets				
Cash and cash equivalents	595,480	457,280	270,694	-
Trade and other receivables	-	86,859	-	-
	595,480	544,139	270,694	-
commitments				
Trade and other payables	-	-	-	-
Net exposure	595,480	544,139	270,694	-

i) Pursuant to employment contracts, Messrs Coghill, Evans, Hill and Snaith are to be remunerated at $266,666 per annum for a period of 5 years.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

d) Foreign currency risk (cont)

	Post tax loss Higher/(Lower) 2009	Post tax loss Higher/(Lower) 2008	Equity Higher/(Lower) 2009	Equity Higher/(Lower) 2008
	$	$	$	$
Consolidated				
AUD/USD + 10bp	(262,722)	(115,684)	262,722	115,684
AUD/USD - 20bp	812,382	331,027	(812,382)	(331,027)
Parent				
AUD/USD + 10bp	-	-	-	-
AUD/USD - 20bp	-	-	-	-

(e) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents and short term deposits: The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and trade creditors: The carrying amount approximates fair value.

16 RELATED PARTY DISCLOSURES

Transactions with wholly owned entities

a) During the year ended 30 June 2009, the company lent an additional $1,824,522 to its wholly owned subsidiary on normal commercial terms and conditions. The balance of the loan to its subsidiary as at 30 June 2009 was $4,250,687. The directors have considered the recoverailily of this loan and have recognised $3,464,248 impairment provision against the carrying value. The loan bears interest at 14% per annum and has a term of 20 years.

Transaction with director related entities

b) During the year ended 30 June 2009 the Group lent an additional $335,846 to Asia Pacific Gold and Copper Company Limited, being a director related entity on normal commerical terms and conditions. The balance of this loan as at 30 June 2009 after foreign exchange movements was $532,727. The directors have considered the recoverability of this loan and concluded it to be impaired and it has therefore been fully provided for. The loan bears interest at 14% and has a term of 5 years.

c) During the year ended 30 June 2009, the company paid certain expenses on behalf of Aries Mining Limited. The balance of monies lent as at 30 June 2009 was $210,872. This balance has been recognised as a loan receivable, however the directors believe that this loan is impaired and it has therefore been fully provided for.

Terms and conditions of transactions with related parties

Transactions with related parties are made on normal commercial terms and conditions.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

17 EVENTS AFTER BALANCE SHEET DATE

Subsequent to year end the company raised $3,032,610 (net of costs) from the issue of ordinary shares through private

18 AUDITORS' REMUNERATION

The auditor of Indochine Resources Ltd is Gould Ralph Assurance.

	CONSOLIDATED		*THE COMPANY*	
	2009	*2008*	*2009*	*2008*
	$	*$*	*$*	*$*
Amounts received or due and receivable by Gould Ralph Assurance for:				
• an audit or review of the financial report	15,000	20,000	15,000	20,000
• other services	7,000	5,000	7,000	5,000
	22,000	25,000	22,000	25,000

19 SEGMENT INFORMATION

The company operates predominantly in one industry - mining exploration and development. The company operates predominantly in one geographic region, being Cambodia and Laos.

20 DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Compensation of Key Management Personnel

Short-term employee benefits	969,054	540,166	969,054	540,166

21 COMMITMENTS AND CONTINGENCIES

COMMITMENTS	*CONSOLIDATED* 2009	*CONSOLIDATED* 2008	*THE COMPANY* 2009	*THE COMPANY* 2008
a) Directors remuneration commitments				
Within a year	1,520,768	1,162,667	1,520,768	1,162,667
Within 2 to 5 years	7,334,131	8,854,899	7,334,131	8,854,899
	8,854,899	10,017,566	8,854,899	10,017,566
b) Operating lease commitments				
Within a year	102,667	76,000	102,667	76,000
Within 2 to 5 years	30,833	37,667	30,833	37,667
	133,500	113,667	133,500	113,667

c) Royalty Commitments

David A Evans and Jeremy D Snaith are entitled to a royalty equal to 1.5% of the gross revenue for each type of mineral resource extracted and sold by the company.

d) Future intended share issues

Pursuant to employment contracts executive directors Ross Hill, David Evans, Rob Coghill and Jeremy Snaith will be granted 1,000,000 ordinary shares in the company once the intended listing on the ASX occurs subject to the market capitalisation of the company being in excess of $200million.

CONTINGENCIES

No contingent assets or contingent liabilities exist as at the date of this financial report.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

22 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

There are no changes to accounting policies applicable for the financial year ended 30 June 2009 for the Company and the consolidated entity.

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

a) acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

b) contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;

c) a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

d) there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);

e) dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;

f) impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and

g) where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

22 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONT)

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.

AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.

AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

Directors' Declaration

In accordance with a resolution of the directors of Indochine Resources Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company and the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company and the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Robert E Coghill
Director

Sydney,
Dated this 15th day of January 2010

GouldRalph
ASSURANCE

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF INDOCHINE RESOURCES LTD

Report on the Financial Report

We have audited the accompanying financial report of Indochine Resources Ltd (the company), and the consolidated entity, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated entity comprises both the company and the entities it controlled during the year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report we were engaged to undertake non audit services being technical assistance with the preparation of the financial report as disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditors' opinion

In our opinion:

1. the financial report of Indochine Resources Ltd is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the matter described in Note 2(b) to the financial statements which records that the consolidated entity has incurred a net loss of $3,617,503 for the year ended 30 June 2009 and has accumulated losses of $9,239,279 as at 30 June 2009. Accordingly there is significant uncertainty as to whether the economic entity will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

GOULD RALPH ASSURANCE
Chartered Accountants

GREGORY C RALPH, M.COM, FCA
Partner

Dated this 15th day of January 2010
Sydney