



INDOCHINE MINING LIMITED AND CONTROLLED ENTITIES
ACN 141 677 385

Interim Financial Report for the half-year ended 31 December 2010

Current Period: 1 July 2010 to 31 December 2010

Prior Corresponding Period: None provided as the company was only registered on 27 January 2010

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 2010. 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	(Appointed: 27 January 2010)
Gavan H Farley	(Appointed: 27 January 2010)
Stephen G Gemell	(Appointed: 28 February 2011)
David Evans	(Appointed: 27 January 2010, Retired: 23 February 2011)

Review of Operations

Indochine Mining Limited, a large-scale gold and copper explorer/developer with the largest package of mineral leases in Cambodia. Indochine has expanded and restructured its exploration program in Cambodia following the successful capital raising and IPO in December 2010. Two main areas of mineral leases, owned 100%, are Kratie and Ratanakiri, in Cambodia covering approximately 4,300 km². Exploration applications are held in Laos and business development activities are underway across South East Asia and the South West Pacific.

Kratie North - Cambodia

Indochine has identified the potential for a gold mineralised system at the Kratie North Project in central Cambodia. Scout drilling (pre-IPO) identified high grade gold values which included veins with gold values of 1 metre at 7.8 grams/tonne gold. Re-analysis of the geophysics (magnetics), soil geochemistry and the drill results point to significant near-surface targets nearby.

Subsequent to the end of the half-year, high grade gold veins were discovered in outcrop at Kratie North. Multiple sets of quartz veins were sampled in two locations about 500 metres apart with assay results up to 42 grams/tonne in rock chip samples. Access has been reopened and a ground-based geophysical program (IP) commenced in March. Results from the geophysics, detailed mapping and sampling and re-assaying of soil samples for other indicator elements will assist the drill targeting. A drill program will commence in April, initially of approximately 200 metres of diamond drilling followed by RC drilling in the best areas. Targets sought are large scale high grade vein gold deposits (like Pogo >5Moz at 12 grams/tonne gold) and/or bulk mineable gold mineralisation with high grade veins.

Ratanakiri - Cambodia

Large scale helicopter-supported sampling was completed at Ratanakiri in December 2010-January 2011 over an area which has not been subjected to modern exploration. Results are expected late March –April 2011. Previous airborne geophysics and stream sampling data will be augmented with this data to prioritise the targets, which currently include a large copper target and areas of gold workings. Detailed follow-up from April 2011 will include geophysics and stream/soil sampling. Exploration will be focused on porphyry copper targets and large gold targets with high grade veins anticipated.

Exploration - Laos

Now that the company is listed and well financed, progress on the processing of exploration applications will be discussed with regulatory authorities during the half year to end June 2011.

Business Development – Papua New Guinea

Indochine secured an option over the Mt Kare Gold Project in Papua New Guinea (PNG) as part of a process of reviewing advanced gold and gold/copper projects across the South-East Asian and South-West Pacific regions to further bolster its portfolio.

The Mt Kare Gold Project is located 15 kilometres south-west of the multi-million ounce Porgera gold mine in the highlands of PNG, which has been producing between 200,000-800,000 ounces per year for over 20 years from underground and open cut operations. A Foreign Resource Statement (NI 43-101, non-JORC) on Mt Kare of 1.9

million ounces gold equivalent was released on 4 March 2011 (Indicated & Inferred Resource of 24.5 million tonnes at 2.13g/t gold and 15.5 g/t silver; Mt Kare Technical Report, NI 43-101, Snowden 2007). Mt Kare was identified in 1988 due to substantial near-surface gold and has been the subject of considerable exploration and drilling campaigns, although some challenges have prevented the project advancing previously, which include its location and landowner claims.

On 30 December 2010, Indochine stated that it would provide finance of up to \$4 million to Summit Development Limited (*Summit*), a private PNG company, and Union Pacific Pty Ltd, a private Australian company, to assist in the purchase of the Mt Kare Gold Project (EL1093), as consideration for the option. The intent was for funds to be escrowed (which was later rejected) until certain conditions were satisfied, which included, among others, final ministerial approvals associated with EL1093. The option agreement was over the issued capital of Summit and EL1093 to enable the conditions to be satisfied, with an extension to this option granted under certain conditions. A well credentialed development partner was also involved in the negotiations.

Subsequent to the end of the half-year, on 3 March 2011, Indochine progressed its option to acquire the Mt Kare Gold Project via the provision of a \$4 million secured loan to Summit, after Summit had secured the exploration lease. Finalisation of the contractual arrangements with the remaining parties with an interest in the project are planned to be completed within 21 days from that announcement, at which point, full details of the transaction will be provided.

Upon completing the transaction, Indochine and Summit will commence work immediately on a JORC-code compliant resource statement by a competent person based on the prior drilling with completion of the work expected within the next six months. The company will also commence a full feasibility study focusing on metallurgy, processing options and environmental studies, which will include an updated independent geological and social mapping study.

IPO & Finance

Indochine's initial public offer (IPO) raised \$20.1 million at \$0.20 per share after applications exceeded the minimum subscription of \$12 million. The IPO received strong support from some of the world's leading institutional funds, such as Och-Ziff and BlackRock. The IPO costs were \$2 million, with cash in bank of \$17.7 million at the end of December 2010. Funds raised will allow Indochine to conduct a comprehensive sampling and drilling campaign over the next two years in Cambodia.

Management

Indochine appointed Stephen Promnitz as Chief Executive Officer (CEO) in September 2010, commencing full time in November as part of the initial public offer (IPO). Mr Promnitz has 25 years experience in the resources sector and was previously 2IC and Manager, Corporate Development at Kingsgate Consolidated Limited, as well as having worked for Citigroup, Westpac, Western Mining, Rio Tinto and Placer Dome in Asia, Australia and South America.

David Evans ceded his position as Managing Director upon appointment of the new CEO.

Events Subsequent to the End of the Half Year

David Evans resigned from the Board and the Company on 23 February 2011. He left with the company's good wishes in his preferred future role of locating new projects and establishing new companies. The Company will be able to access Mr Evans' skills in identifying new mining projects as an independent consultant over the next 12 months. A consequence of Mr Evans' departure was a restructure of the Cambodian subsidiary companies.

Stephen Gemell agreed to join the Company's Board as a Non-Executive Director on 28 February 2011. Mr Gemell brings over 35 years of valuable complementary experience to the Board, mainly in the field of mining engineering, covering underground and open cut metalliferous mines from project evaluation and feasibility studies to operations, processing and acting as an independent expert on projects in Australia, Asia, Europe and the Americas. Mr Gemell has a wealth of experience on public boards of mineral development companies and is currently a non-executive director of Argent Minerals Limited, Eastern Iron Limited and UXA Resources Limited.

Operational and Business Development changes subsequent to the end of the half-year are discussed in the Operational Review

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 11 and forms part of this Directors' report for the half-year ended 31 December 2010.

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.

A handwritten signature in black ink, appearing to read 'Ian Ross', with a horizontal line underneath the name.

Ian Ross
Non Executive Chairman
Date: 11 February 2011

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Group 31 December 2010 \$'000
Continuing Operations	
Interest Revenue	20
Other Income	-
Total Revenue	20
Expense	
Professional Fees	(114)
Insurance	(48)
Employees	(212)
Depreciation & Amortisation	(43)
Travel	(29)
Consultants	(229)
Occupancy	(23)
Public Relations	(32)
Share Based Payments/ Option Cost	(300)
Administrative	(936)
Other Expenses	(50)
Loss before income tax	(1,996)
Income tax benefit	-
Loss for the period	(1,996)
Other Comprehensive Income for the period	-
Total Comprehensive Profit (Loss) for period	(1,996)
Earnings per Share	
From Continuing Operations	
- Basic Earnings per Share	(0.008)
- Diluted Earnings per Share	(0.006)

No comparative corresponding period information has been provided as the company was only registered on 27 January 2010.

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2010

	Notes	Consolidated Group	
		As at 31 December 2010 \$'000	As at 30 June 2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		17,652	709
Trade and other receivables		991	1,014
Total current assets		18,643	1,723
Non-current assets			
Plant and equipment		449	578
Deferred mining , evaluation & exploration costs	4	9,839	9,226
Other financial assets		2	2
Total non-current assets		10,290	9,806
TOTAL ASSETS		28,933	11,529
LIABILITIES			
Current liabilities			
Trade and other payables		910	1,146
Provisions		1,000	574
Total current liabilities		1,910	1,720
TOTAL LIABILITIES		1,910	1,720
NET ASSETS		27,023	9,808
EQUITY			
Issued Capital	5	38,786	20,376
Reserves	6	9,876	9,076
Accumulated losses		(21,639)	(19,643)
TOTAL EQUITY		27,023	9,809

The accompanying notes form part of these financials.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
At 1 July 2010	20,376	(19,643)	9,076	9,809
Profit attributable to members of the parent entity	-	(1,996)	-	(1,996)
Shares issued during the ye	20,654	-	-	20,654
Movements in reserves	-		(1,444)	(1,444)
At 31 December 2010	41,030	(21,639)	7,632	27,023

No comparative corresponding period information has been provided as the company was only registered on 27 January 2010.

The accompanying notes form part of these financial statements.

Statement of Cash Flow

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated
Group
31 December 2010
\$'000

CASH FLOWS FROM OPERATING ACTIVITIES

Payments to suppliers and employees	(487)
Interest received	16
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(471)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for exploration & evaluation	(1,011)
Proceeds from sale of property, plant & equipment	8
Acquisition of property, plant & equipment	(7)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(1,010)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of ordinary shares	20,354
Payment of share issue costs	(2007)
NET CASH FLOWS FROM FINANCING ACTIVITIES	18,347

NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	16,866
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ADD OPENING CASH AND CASH EQUIVALENTS BROUGHT FORWARD	786
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CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	17,652
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No comparative corresponding period information has been provided as the company was only registered on 27 January 2010.

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2010**

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 2010 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 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 2010, 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.

NOTE 2: PROFIT FOR THE PERIOD

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

NOTE 3: OPERATING SEGMENTS

Geographical segments

	Australia \$'000	Cambodia \$'000	Total \$'000
31 December 2010			
Segment revenue	20	-	20
Segment expenses	(1,853)	(163)	(2,016)
Segment revenue /(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

	31.12.2010 \$'000	30.6.2010 \$'000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation expenditure – at cost		
Kratie – Cambodia	6,887	6,458
Ratanakiri - Cambodia	2,952	2,768
	9,839	9,226

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.

NOTE 5: ISSUED CAPITAL

	31.12.2010	30.6.2010
<i>Ordinary shares</i>		
Issued and fully paid	361,004,196	256,739,196
	No.	\$'000
Issued Capital 1 July 2010	256,739,196	20,376
<i>Movements in ordinary shares on issue</i>		
During 1 July 2010 to 31 December 2010	104,265,000	20,654
Share Issue Expenses		(2,244)
At 31 December 2010	361,004,196	38,786

NOTE 6: SHARE OPTIONS AND RESERVES

	No.	\$'000
<i>Movements in options over ordinary shares on issue</i>		
At 1 July 2010	88,580,000	9,076
Options Issued on	20,000,000	544
FX Reserve		(1,987)
At 31 December 2010	108,580,000	7,633

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 2010 annual report.

NOTE 9: SUBSEQUENT EVENTS

On 3 March 2011, Indochine Mining Limited (ASX: IDC) progressed its option to acquire the Mt Kare Gold Project in Papua New Guinea (PNG). The payment of approximately \$4 million by Indochine to Summit, was made as a secured loan, as set out in the Company's announcement of 30 December 2010.

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 30 June 2010 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

A handwritten signature in blue ink, appearing to read 'Ian Ross', with a horizontal line underneath.

Ian Ross
Non Executive Chairman
Date: 11 February 2011

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 2010, 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
Partner

Sydney, NSW
Dated: 11 March 2011

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 2010, 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the group 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 2010 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 2010 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



G N SHERWOOD

Partner

Sydney, NSW

Dated: 11 March 2011