

INDOCHINE MINING LTD
CORPORATE GOVERNANCE STATEMENT
November 2010

The Board of Directors of Indochine Mining Limited ("Indochine" or "the Company") ABN 16 141 677 385 is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council ("CGC") published 2nd Edition Corporate Governance Principles and Recommendations.

The CGC's published guidelines are as follows:

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the Board to add value
- Principle 3.** Promote ethical and responsible decision making
- Principle 4.** Safeguard integrity in financial reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of shareholders
- Principle 7.** Recognise and manage risk
- Principle 8.** Remunerate fairly and responsibly

Indochine's corporate governance practices have been in place in preparation for the Initial Public Offering (IPO) of the Company. Below is outlined the extent to which the Company will follow the 2nd Edition of the Corporate Governance Principles and Recommendations.

Structure of the Board


The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the IPO is included in the Prospectus. Directors of Indochine Mining Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of Director independence, 'materiality' is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the Director in question to shape the direction of the Company's loyalty. There are procedures in place, agreed by the Board, to enable Directors in the furtherance of their duties to seek independent professional advice at the Company's expense.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Indochine are considered to be independent:

Name	Position
Ian Ross	Non-Executive Chairman (appointed 27 January 2010)
Gavan Farley	Non-Executive Director (appointed 27 January 2010)

All three Directors of Indochine, including David Evans, were previously directors of the wholly owned Subsidiary, Indochine Resources Limited (ACN 119 808 007). The term in office held by each Director will be decided each year at the Annual General Meeting as one Director retires, pursuant to the Company's Constitution, and becomes available for re-election.

		
BEST PRACTICE RECOMMENDATION		COMMENT AND EXTENT TO WHICH COMPANY WILL FOLLOW RECOMMENDATION
1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer or Executive Director.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Company's Corporate Governance Policies includes a section on Performance Evaluation Practices, which discloses the performance evaluation criteria.
1.3	Companies should provide the information indicated in the <i>Guide to Reporting Principle 1</i> .	Any departure from principle 1.1 and 1.2 are contained in the above points. A performance evaluation of senior executives will be performed once during the year in accordance with the process described in the Company's Corporate Governance Policies. The Corporate Governance Policies which discloses the Board charter is available on the Company's website.
2		
Structure the Board to add value		
2.1	A majority of the Board should be Independent Directors.	Adopted for part of the year only. The Independent Directors are considered to be: Ian Ross and Gavan Farley The Company will seek to appoint additional Independent Directors as it grows and as its resources permit.
2.2	The Chairman should be an Independent Director.	The Chairman for the financial year was Ian Ross. He is considered to be an Independent Director.
2.3	The roles of Chairman and Chief Executive Officer should not be exercised by the same individual.	During the past year the Company had an Executive Director, David Evans, and this role has been taken by the Chief Executive Officer.
2.4	The Board should establish a Nomination Committee.	The Board did not believe it was necessary to establish a Nomination Committee during the year. However the Board has established an Independent Directors Committee that has assumed the role of the Nomination Committee. The Independent Directors Committee plan to meet at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. The Independent Directors Committee comprised the following members: Ian Ross and Gavan Farley The Company has a formal Nomination Committee Charter, which is included in the Company's Corporate Governance Policy which is available on the Company's website.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	The Company's Corporate Governance Policies include Performance Evaluation Practices that are used to evaluate the performance of the Board.
2.6	Companies should provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company has included details for each Director, such as their skills, experience and expertise relevant to their position in the Prospectus (section 4). Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 are included in the above sections.
3		
Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:	The Company's Corporate Governance Statement includes a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.
	(a) The practices necessary to maintain confidence in the Company's integrity	General principles of the Code of Conduct include:
	(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	1. Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole. 2. Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment. 3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole. 4. Employees must not take advantage of their position for personal gain, or the gain of their associates.
	(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5. Directors have an obligation to be independent in their judgments. 6. Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company. 7. Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

		
BEST PRACTICE RECOMMENDATION		COMMENT AND EXTENT TO WHICH COMPANY WILL FOLLOW RECOMMENDATION
3.2	Companies should establish a policy concerning trading in Company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.	<p>The Company's Corporate Governance Policy includes a section on Securities Trading Policy, which provides guidelines for transacting (buying and selling) securities in the Company, which has been posted on the Company's website.</p> <p>The key policy items include:</p> <ol style="list-style-type: none"> 1. General Restrictions when in possession of Inside Information, which includes sections dedicated to Insider Trading Laws and Confidential Information. 2. Additional Trading restrictions for Directors and some employees. This section details times when Restricted Persons are prohibited from trading the Company's securities, and policies on exceptional circumstances where clearance is given to restricted persons. 3. Policies that Restricted persons must comply with prior to and after trading of the Company's securities. 4. Other sections of this policy include Notification of Trading, Breaches of Policy and General.
3.3	Companies should provide the information indicated in Guide to Reporting on Principle 3.	<p>Any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 during the period are disclosed in the above sections.</p> <p>The Corporate Governance Statement which includes an applicable code of conduct or a summary and the trading policy or a summary, has been posted on the Company's website.</p>
4 Safeguard integrity in financial reporting		
4.1	The Board should establish an Audit Committee.	<p>Since the end of the financial year, the Board has established an Audit Committee. The Committee E63 operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.</p> <p>The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The members of the Audit Committee is an independent Non-Executive Director, Ian Ross as Chairman and Non-Executive Director Gavan Farley. This deficiency against the recommendations will be remedied when additional Directors are appointed.</p> <p>The Company has a formal Audit Committee Charter, which is included in the Company's Corporate Governance Policy which is available on the Company's website.</p>
4.2	The Audit Committee should be structured so that it:	As described in section 4.1, the Independent Director Committee assumed the role of the Audit Committee.
	1. consists of only Non-Executive Directors	The Independent Director Committee:
	2. consists of a majority of Independent Directors	1. Does not consist of only Non-Executive Directors, Ian Ross and Gavan Farley, but also Executive Director, David Evans.
	3. is chaired by an Independent Director, who is not the Chair of the Company	2. Does consist of a majority of Independent Directors.
	4. has at least three members.	3. Is chaired by an Independent Director, Gavan Farley, who is not the Chair of the Company.
		4. The Committee does have three members.
		The members of the Independent Directors Committee that has the responsibility of the Audit Committee during the year were:
		Gavan Farley, Ian Ross and David Evans
		Qualifications of Audit Committee members:
		Gavan Farley – Diploma Business, MBA (Business)
		Ian Ross – Diploma Business
		David Evans – nil
		The Audit Committee has the requisite financial experience and qualifications.
4.3	The Audit Committee should have a formal charter.	The Company's Corporate Governance Policy includes a formal charter for the Audit Committee.
4.4	Companies should provide information indicated in the Guide to reporting on Principle 4.	<p>This information is included in the above sections 4.1, 4.2 and 4.3.</p> <p>The Corporate Governance Statement has been posted on the Company's website.</p>
5 Make timely and balanced disclosure		
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company has a continuous disclosure programme in place designed to ensure the factual presentation of the Company's financial position and the development of the Company's assets and activities.</p> <p>There is a vetting and authorisation processes in place that is designed to ensure that the Company's announcements:</p> <ol style="list-style-type: none"> 1. Are made in a timely manner 2. Are factual 3. Do not omit material information 4. Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
5.2	Provide the information indicated in Guide to Reporting on Principle 5.	<p>Any departures are included in section 5.1 and 5.2 of this report.</p> <p>The Corporate Governance Statement has been posted on the Company's website.</p>

		
BEST PRACTICE RECOMMENDATION		COMMENT AND EXTENT TO WHICH COMPANY WILL FOLLOW RECOMMENDATION
6 Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. This strategy and its implementation will be subject to ongoing review by the Board.E92
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Any departures are included in section 6.1 and 6.2 of this report. The Corporate Governance Statement has been posted on the Company's website.
7 Recognise and manage risk		
7.1	Companies should establish policies for oversight and management of material risks and disclose a summary of these policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. "Risk factors" is an agenda item at Board and Audit Committee meetings. The Company's Corporate Governance Policies include policies for oversight and management of material risks under the section Risk Management and Internal Compliance and Control, which is disclosed on the Company's website.
7.2	The Board should require management to design and implement the risk management and internal control systems to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	1. Risk Management and internal control system The Chief Executive Officer is responsible for Risk Management and internal control systems and reports material business risks to the Board. 2. Internal audit function The Audit Committee / Independent Director Committee is described in section 4.1 and 4.2. 3. Risk Management Committee The Board has not established a Risk Committee. However it established an Independent Directors' Committee and now an Audit Committee that has assumed the role of the Risk Committee which operates under a charter approved by the Board. The Board is ultimately responsible for risk oversight and risk management. Discussions of the recognition and management of risk, was left to the Board.
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration in accordance with section 295A of the Corporations Act is founded on a and system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	At present, the Board believes that it has adequately addressed issues of Risk and the future management of risk. Risk will now also be covered by the Audit and Risk Management Committee. The adequacy of the risk evaluation process will be addressed by the Board at least twice a year.
7.4	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Board considers it is appropriate to require the Chief Executive Officer to provide such a statement at the relevant time, i.e. as part of the annual and half yearly financial report process. Any departures from best practice recommendations 7.1, 7.2, 7.3 and 7.4 are included in the above sections. The Corporate Governance Statement has been posted on the Company's website.
8 Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	1. Purpose of the Remuneration Committee The Board has not established a Remuneration Committee, however has established an Independent Directors Committee that has assumed the role of the Remuneration Committee, which operates under a charter approved by the Board. 2. Charter The Company's Corporate Governance Policies includes a section on Remuneration Committee Charter, which forms the charter that the Independent Directors Committee relies upon when discussing remuneration. 3. Composition of the Independent Director Committee The Independent Director Committee: a. Consisted of the Independent Directors, Gavan Farley (Chair) and Ian Ross+E114. b. Is Chaired by an Independent Director, who is not the chair of the Company. This Committee was chaired by Gavan Farley. c. The Committee does not have three members, only two members. This is due to the Company only having two independent, Non-Executive Directors to form the Committee. d. Remuneration Policy The remuneration policy is described in the Remuneration Committee Charter in the Corporate Governance Policies which is available on the Company's website.

BEST PRACTICE RECOMMENDATION		COMMENT AND EXTENT TO WHICH COMPANY WILL FOLLOW RECOMMENDATION
8.2	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.	<p>Remuneration</p> <p>It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive Directors' and officers' emoluments to the Company's financial and operational performance.</p> <hr/> <p>The expected outcomes of the remuneration structure are:</p> <ul style="list-style-type: none"> o retention and motivation of key executives; o attraction of high quality management to the Company; and o performance incentives that allow executives to share the success of Indochine. <hr/> <p>A full discussion of the Company's remuneration philosophy and framework, and the remuneration received by Directors and executives will be included in the remuneration report of the next full year Financial Report, contained within the Directors' Report.</p> <hr/> <p>There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.</p> <hr/> <p>The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer and executive team. The Board has not established a Remuneration Committee.</p>
8.3	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	<p>The names of the members of the Independent Director Committee which assumed the role of the Remuneration Committee during the first part of the year is included in section 8.2 above.</p> <p>The Company does not currently have in existence any schemes for retirement benefits.</p> <hr/> <p>Any departures from best practice recommendations 8.1, 8.2 and 8.3 are included above.</p> <hr/> <p>The Company's Corporate Governance Policies, which includes a Remuneration Committee Charter is available on the Company's website.</p>