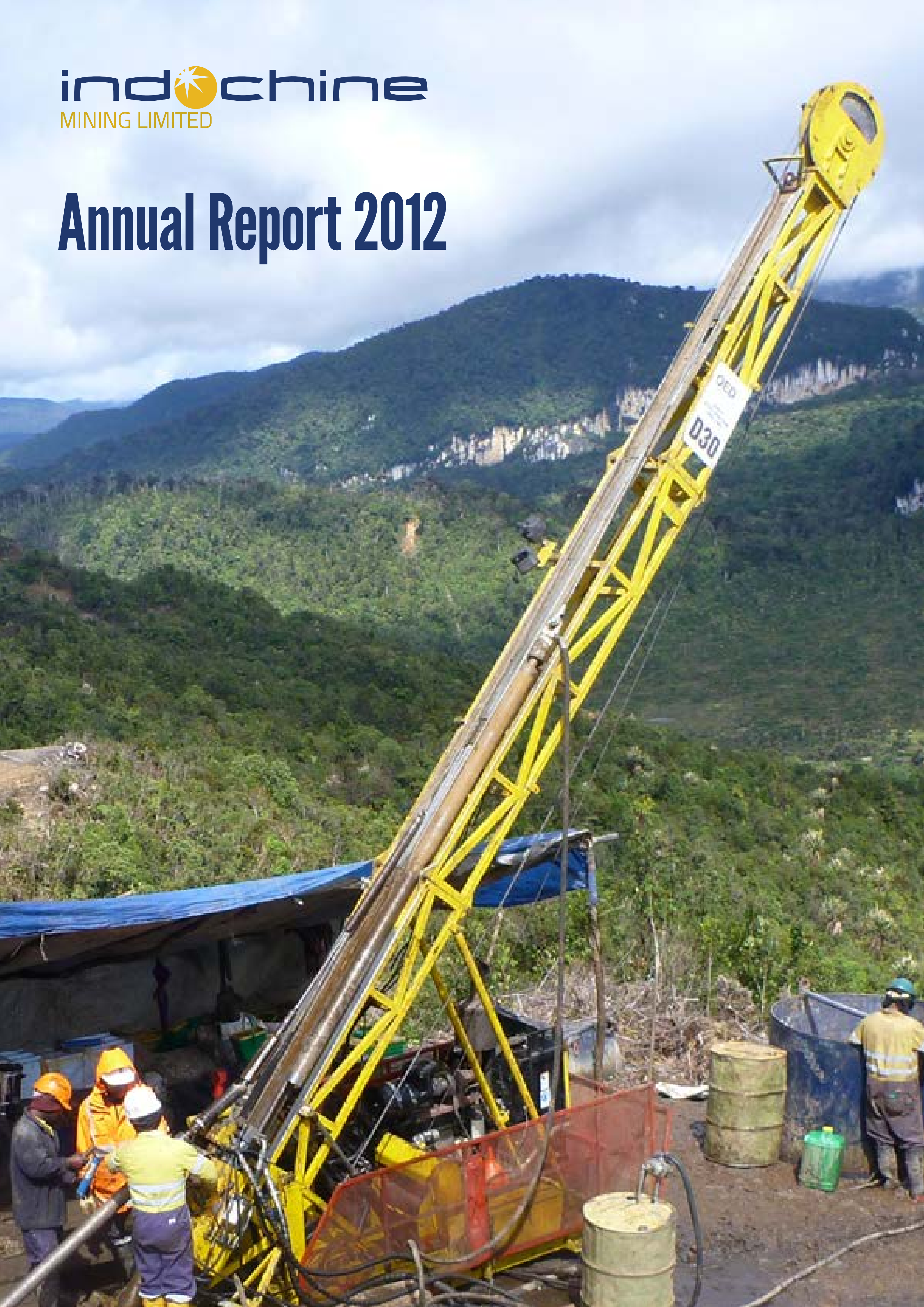
indochine
MINING LIMITED

Annual Report 2012



AUSTRALIA:
Suite 1, Level 3,
275 George Street
Sydney NSW 2000
Ph +61 2 8246 7007
Fax: +61 2 8246 7005
Email: info@indochinemining.com
www.indochinemining.com

CAMBODIA:
Indochine Resources Ltd
P.O. Box 1717
Phnom Penh
Ph: +855 23 866 300

Table of Contents

Chairman's Report

Indochine Mining Limited (The Company, ASX:IDC), has rapidly advanced a major gold/silver project from the acquisition stage last April 2011 to the point of issuing a Pre-Feasibility Study. As Chairman, I am pleased to present our shareholders with the Annual Report, summarising our progress for the Financial Year to end June 2012.

The Company has almost completed the pre-feasibility study, at the time of this report, and significantly progressed the drilling programme with results which confirmed our positive view of the Mt Kare gold - silver project in Papua New Guinea (PNG). The Company has completed 50 diamond core holes. Of the 13 holes that have assays to date, results include 17 metres at 100 grams/tonne gold, which confirms the high grade nature of the deposit. Importantly, the landowner investigation study is nearing completion between the local communities, the government, and the Company, which will be the first time such a document has been generated in PNG in accordance with the Land Act, and will allow for future benefits to flow to local communities upon development of the project.

This has involved a great deal of effort from all concerned, especially from our experienced team on-the-ground in PNG, ably led by George Niumataiwalu. I thank them for their effort and dedication. I would like to pay tribute to those who have contributed to this effort, including my fellow directors and management in Sydney and the consultants in the feasibility study. John Shaw, who joined us in December 2011, deserves special mention, given his past experience in PNG, especially at Porgera, which became a world-class gold mine, only 15km from Mt Kare. His input has assisted myself and the other directors, Stephen Gemell and Gavan Farley. The Mt Kare gold-silver project offers the potential for the Company to advance from developer to producer status, targeted within 3 years.

Our aim is to generate more news flow with the Pre-Feasibility Study completed on schedule and released before end September 2012, after discussions with the regulatory authorities in PNG.

I would also like to thank the Cambodian-based team, which was instrumental in the Company winning a prestigious award in Hong Kong.

Naturally, such endeavours require the appropriate levels of funding, especially given that PNG is a capital intensive location to be developing a major gold-silver project. To that end, I am pleased to report we were able to secure the increased support of major institutional shareholders via the recent private placements of shares. I especially thank the significant shareholders (with holdings greater than 5%), including BlackRock, the largest fund manager in the world, specialist funds Baker Steel and Och Ziff, and emerging market fund Genesis. I would also like to thank our brokers, Empire Securities and Petra Capital for their assistance.

The level and quality of institutional support should be viewed as a major vote of confidence in the potential of the Mt Kare project as the capital markets continue to be challenging given the continuing volatility of the world financial and commodity markets. Virtually all resource-focused companies have suffered significant share price reductions over the past financial year, although the markets appear to be improving in September. This Company's share price has also declined but the board considers that the quality and grade of the Mt Kare project should begin to drive improved market support. The gold price has remained relatively strong, although volatile, with demand continuing in China, and among central banks, according to the World Gold Council's commentary. This augurs well for the future.

I thank all shareholders for their ongoing support as we seek to position the Company to provide the true share value that we believe the Company warrants.

Ian Ross
Chairman

Review of Operations – CEO's Report

Indochine Mining Limited (The Company; ASX:IDC) has completed a major exploration and development programme in Papua New Guinea (PNG) and expects to deliver a Pre-Feasibility Study (PFS) by late September 2012. This has the potential to drive Indochine through the development stage targeting production within three years.

Papua New Guinea

Indochine has taken the PNG Mt Kare gold/silver deposit ('The Project'), from its acquisition in the period April to August 2011 to an advanced stage in mid-2012. The Pre-Feasibility Study (PFS) is due for completion in late September 2012, after Indochine has given its presentation to the PNG regulators.

The Project is comprised of over 415 diamond drill holes (over 67,000 metres of drilling). Future development is targeting an open-cut gold/silver mine. The current total JORC Mineral Resource, from November 2011, is 1.8 million ounces of gold and 20 million ounces of silver in 28.3 million tonnes at 1.9 g/t of gold, which includes 700,000 of ounces gold at 3.7 g/t of gold in 6 million tonnes (Indicated Resource).

Mt Kare is located 15 kilometres north of one of the world's major gold mines, Barrick Gold Corporation's giant Porgera gold mine. Mt Kare shares similar geology, ore types, structures and age of mineralisation with Porgera, which already has significant infrastructure in place (including roads & power).

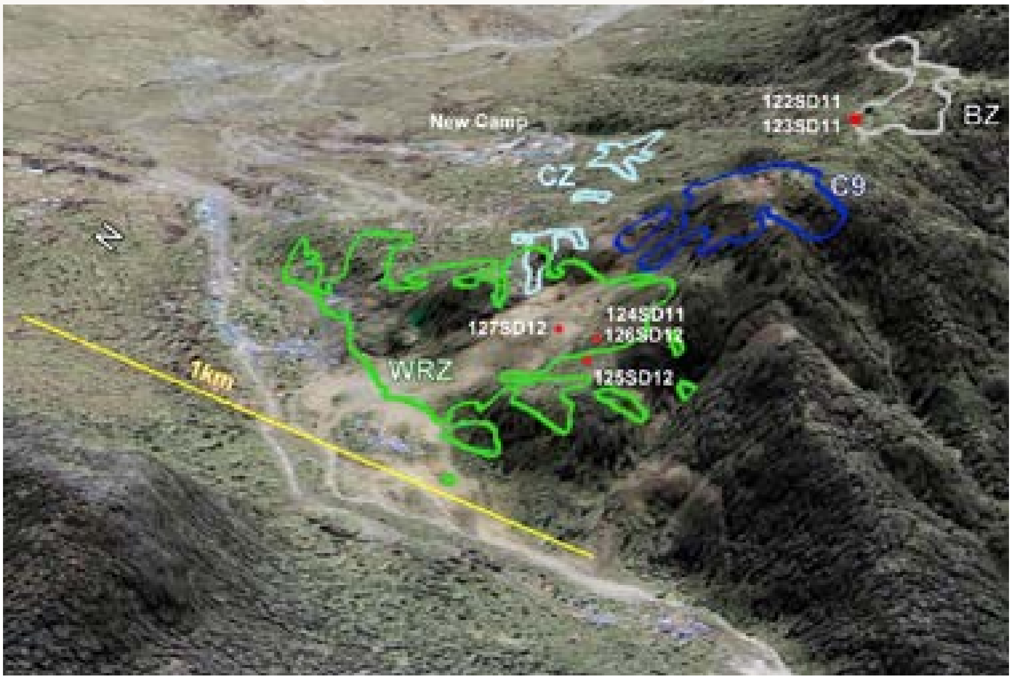
The Project team is led by George Niumataiwalu (who joined the Company in September 2011), an experienced mining engineer with an MBA/MPA (Harvard), who has previously delivered a similar project from the resource stage to a fully permitted mining lease with landowner agreements in place. George Niumataiwalu has an experienced technical team on-site with a new camp for 150 people comprising of full security, catering, communications and a health clinic, thus enabling a helicopter-supported drilling programme.

The Landowner Investigation Study has been a significant focus during the half year to June 2012 and is nearing completion.

A two-phase drilling programme was advanced from November 2011 to August 2012, as part of the PFS and an initial infill drilling for a Bankable Feasibility Study (BFS), which is anticipated to follow the PFS. The first 50 drill holes should improve the quality and increase the current resource, as well as provide material for metallurgical test work. A PFS stage diamond drilling programme was completed in April 2012, with 29 large diameter core holes completed for 3450 metres.

The second phase of drilling was completed in July 2012, consisting of 21 diamond holes for approximately 3000 metres. Some holes were re-drilled or drilled close by to compare grade variability and density measurements, and to provide further core for metallurgical work.

High grade gold/silver assay results continue to be received, with assaying from 13 holes received to date. These holes show that results are consistent with past holes with variations due to the nature of gold mineralisation, core size and core recoveries.



Review of Operations – CEO's Report
continued

Mt Kare, JORC Resource Statement

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

Competent Person Statement

David Meade a full time employee of the Indochine Group (Indochine Resources (Cambodia) Ltd) is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken, being reported herein as Exploration Results, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). David Meade has consented to the public reporting of these statements and results and the form and context in which they appear.

Metallurgical test work in Perth is ongoing as part of the next phase after the PFS. Mine plans and pit shells have been modelled. Infrastructure plans have been prepared and initial environmental data has also been compiled, as well as initial plans for a tailings storage facility.

The Project has the potential to be one of the next major gold projects in PNG.

Cambodia

Indochine holds the largest package of exploration leases in Cambodia in two large project areas – Kratie and Ratanakiri – spanning approximately 4000km^2. The Company holds the leases on a 100% ownership basis. Cambodia has undergone very limited modern exploration and is within a region known for large gold and copper deposits.

Drilling in the Kratie North area has been around two targets – a 5 kilometre by 5 kilometre area of outcropping gold-in-quartz veins in intrusive rocks and a contact aureole, as well as blind geophysical targets considered promising for intrusive related gold mineralisation. Considerable sulphides, in the form of pyrite and pyrrhotite, have been intersected, as well as buried intrusives. The prior drill results (from 2011), although sub-economic, have indicated the potential for a large and significant body of gold mineralisation in the area.

The target is an Intrusion-related Gold Deposit with occurrences identified across north-eastern Cambodia, including Ok Vau (0.7 million ounces), located in a similar setting 100 kilometres along strike.

Altered intrusives and sediments were identified at Ratanakiri, which showed a favourable setting for a potential porphyry-related gold/copper mineralisation in northern Cambodia, on the border with Laos and Vietnam.

A new office was opened in Phnom Penh to service the exploration programme more efficiently with an expanded technical team.

Finance Report

Indochine's financial outcomes for the financial year were driven by a significant increase in exploration investment in Papua New Guinea, which required further capital raising.

The Company's loss for the financial year after tax is $2.49 million. During the year the PNG currency, the Kina, has strengthened substantially compared to the Australian dollar. This led to a significant 'abnormal' gain recorded under foreign currency translation of $2.6 million in the Company's Statement of Comprehensive Income. This translation gain produced a total

comprehensive income after tax for the financial year to 30 June 2012 of $66,300.

The Company's asset base has grown substantially over the financial year to June 2012, as reflected in the Statement of Financial Position, because most exploration expenditure was capitalised. The capitalised exploration assets have grown from $18.0 million to $69.3 million due to the completion of the PNG acquisition and significant exploration and development work.

Shareholders' equity increased to $66.7 million, an increase of $24.9 million over the previous year.

The issued capital of Indochine is 628,283,322 shares, as at the date of this Financial Report, post financial year end. The issued capital is comprised of 546,306,846 ordinary fully paid shares (quoted, including 68 million shares under voluntary escrow, of which 50% are no longer under escrow after 31 August 2012) and 81,976,476 ordinary fully paid shares (not quoted, under escrow). A private placement of $8,250,000 closed on 3 May 2012 with the issue of 55,000,000 new Indochine shares at $0.15 per share. After the end of the financial year, a further $9,834,000 was raised through a private placement, which closed on 3 August 2012. The issue was for 81,949,998 new Indochine shares at $0.12 per share. The placement increased the holdings of global institutional shareholders.

Directors' Report

Your directors submit their report for the period ended 30 June 2012.

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.

Ian W Ross

Gavan H Farley

Stephen G Gemell

John T Shaw (Appointed: 5 December 2011)

Names, qualifications, experience and special responsibilities

Ian W Ross

Dip Bus (London), A.I.B (U.K.)

Chairman and non-executive director

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 UCL Resources Limited, and was non-Executive Chairman of the ASX listed Intec Limited until his retirement on 31 December 2007.

Gavan H Farley

Dipl. Bus, Masters of Business Administration (Finance) MAICD

Non-executive director

Gavan has a career spanning 30 years international management. Gavan is currently general manager of Empire Securities Group, executive director of ASX listed Pilbara Minerals Ltd and director of FCMS Holdings Inc of the USA. Previously, Gavan was Managing Director of Farley Laserlab USA Inc and Farley Europe Ltd. Gavan's international experience includes over 15 years in Europe, 13 years in the USA and 5 years in Africa and the Caribbean.

Stephen G Gemell

BE (Mining) (Hons), FAusIMM(CP), MAIME, MMICA

Non-executive director

Steve has 35 years of experience in the mining industry, involved with underground and open cut metalliferous mines and processing plants in project evaluation, feasibility study, and operating phases. Since 1984 he has been Principal of Gemell Mining Engineers and acts as an independent expert and technical auditor for mining companies and financial institutions on projects throughout Australasia, Oceania, Asia, Africa, Europe and the Americas. Stephen is a non-executive chairman of ASX listed Golden Cross Resources Limited and non-executive director of ASX listed Argent Minerals Limited, Eastern Iron Limited and UCL Resources Limited. In addition he is also a director on Dateline Resources Limited.

John T Shaw

B.Sc (Geological Engineering), FAusImm, MCIM, FAICD, SME

Non-executive director

John has over 40 years experience as a geologist, operating manager, senior executive and independent non-executive director of mining enterprises in diverse cultural and political regimes in North America, Australia, Papua New Guinea, Africa, and South East Asia. He has significant experience in the world's major mineral provinces and in diverse commodities (including gold, silver, copper and tungsten) with extensive experience in exploration, evaluation, design, construction and operations.

John was Vice-President of Australian operations of Placer Pacific and Managing Director of Kidson Gold Mines, and was involved in setting-up and organising six PNG and Australian mines, including being on the management committee of the successful Porgera Joint Venture in PNG.

John previously acted as Chairman of Zimbabwe Platinum Mines Limited, Gallery Gold Limited, Tri Origin Minerals Limited, Albidon Limited and Lodestone Exploration Limited and was Non-Executive Director of Kingsgate Consolidated Limited and Misima Mines Pty Ltd. He is currently a Non-Executive Director of Discovery Metals Limited, IAMGOLD Corporation and Quadra Australia Pty Ltd.

Company Secretaries

Mr Gavan H Farley and Mr Robert Waring held the position of Company Secretary at the end of the financial year. Mr Farley's qualifications and experience are reported above. Mr Waring is a CA and FCIS with 39 years experience in financial and corporate roles, including 20 years in Company Secretary roles for ASX-listed companies and 15 years as a Director of an ASX-listed companies.

Operating Results

The consolidated loss of the consolidated group for the financial year after providing for income tax amounted to $2,485,925 (2011 loss of $ 3,373,797)

Dividends

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

Financial Position

The net assets of the consolidated group increased by $24,873,669 from $41,858,395 as at 30 June 2011 to $66,732,064 as at 30 June 2012.

Significant Events After The Balance Date

On 10 August 2012 Indochine Mining Limited completed a capital raising of $9.8 million at 12 cents per share, via a private placement of 81,949,998 new Indochine shares with new institutional and sophisticated investors, supported by some of the company's largest institutional shareholders maintaining their position.

The placement was finalised and shares allotted on 10 August 2012. The funds will be used to advance the Pre-Feasibility Study on the major gold/silver project at Mt Kare, in Papua New Guinea, and for working capital.

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.

Remuneration Report

This report details the nature and the amount of remuneration for each director of Indochine Mining Limited and for the executives receiving the highest remuneration.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the achievement of certain set targets. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel based in Australia receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid an agreed amount in the event of redundancy.

All remuneration paid to key management personnel is valued at the cost to the company and capitalised and expensed according to the proportion of time spent on exploration.

Directors' Report
continued

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $350,000 per annum. Additionally, the directors can be entitled to be paid $2,000 per day as consulting fees for work outside the scope of director's normal duties.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons, who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the five group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position Held as at 30 June 2012 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance	
			Non-salary Cash-based Incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees %	Total %
Directors							
Ian W Ross	Director		-	-	-	100	-
Gavan H Farley	Director		-	-	-	100	-
Stephen G Gemell	Director		-	-	-	100	-
John T Shaw*	Director		-	-	-	100	-
Management							
Stephen C Promnitz	CEO	3 yrs, 6 months notice	-	-	-	100	-
George Niumataiwalu**	Country Officer PNG & Regional Project Director	3 yrs, 3 months notice	-	-	-	100	-
Ashok Jairath	CFO	Renewable annually, 3 months notice	-	-	-	100	-
Ross H Hill	COO Cambodia	3 yrs, 6 months notice	-	-	-	100	-
David Meade	Chief Geologist	3 yrs, 6 months notice	-	-	-	100	-

* Appointed 5 December 2011
** Appointed 25 July 2011

The employment terms and conditions of key management personnel and group executives are formalised in contracts of employment.

Remuneration Details for the Year Ended 30 June 2012

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration.

Table of Benefits and Payments for the Year Ended 30 June 2012

	Short Term Benefits Cash Salary, Fees and Other $	Post Employment Benefits Superannuation Contribution $	Share-based Payments Options/ Shares $	Total $
Directors:				
Ian W Ross	90,000	8,100	-	98,100
Gavan H Farley	60,000	-	-	60,000
Stephen G Gemell	70,000	6,300	-	76,300
John T Shaw	35,000	3,150	-	38,150
***Management*:**				
Stephen C Promnitz, CEO	596,331	53,669	-	650,000
George Niumataiwalu Country Officer PNG & Regional Project Director	358,424	20,126	-	378,550
Ross M Hill, COO Cambodia	332,976*	-	-	332,976
David Meade, Chief Geologist	334,356*	-	-	334,356
Ashok Jairath, CFO	224,950	-	-	224,950

*Includes expatriate benefits such as housing, motor vehicle allowance, children education allowance attendance and club memberships.

Directors' Report
continued

Table of Benefits and Payments for the Year Ended 30 June 2011

	Cash Salary, Fees and Other $	Post Employment Benefits Superannuation Contribution $	Share-based Payments Options/Shares $	Total $
Directors:				
Ian W Ross	75,000	6,750	-	81,750
Gavan H Farley	60,000	-	-	60,000
David A Evans (resigned on 23 February 2011 as a Director)	120,654*	-	300,000	420,654
Stephen G Gemell	20,000	1,800	-	21,800
Management:				
Stephen C Promnitz, CEO	424,312	38,188	206,250**	668,750
Ashok Jairath, CFO	188,950	-	-	188,950
Ross M Hill, COO Cambodia	267,505*	-	-	267,505
David Meade, Chief Geologist	317,088*	-	-	317,088

* Includes expatriate benefits such as housing, motor vehicle allowance, children education allowance attendance and club memberships.

** 825,000 shares granted as performance rights after shares achieve a 30 day VWAP of $0.30 per share in accordance with the employment contract. Also see page 37.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Meeting of Directors

During the financial year, 14 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Ian W Ross (Chairman)	14	14
Gavan H Farley	14	14
Stephen G Gemell	14	14
John T Shaw	8	8

The Audit Committee met three times during the year. Members of the Audit Committee, who attended all meetings during their period on the committee, are:

Stephen G Gemell (Chairman)

John T Shaw

Gavan H Farley

The Remuneration and Nomination met once during the year. Members of the committee are:

Stephen G Gemell (Chairman)

Ian W Ross

Gavan H Farley

John T Shaw

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.

Options

At the date of this report, the unissued ordinary shares of Indochine Mining Limited under options are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
02/07/07	30/04/14	0.20	5,000,000
02/07/07	30/09/14	0.20	5,000,000
02/07/07	31/10/12	0.20	5,000,000
11/07/07	30/04/14	0.20	10,000,000
10/08/07	31/10/12	0.20	1,080,000
28/04/08	30/09/14	0.20	2,500,000
28/04/08	28/04/13	0.20	2,500,000
30/06/09	30/12/14	0.20	1,500,000
30/09/09	30/09/14	0.20	5,000,000
08/11/10	30/09/14	0.20	7,500,000
18/11/09	30/09/14	0.20	5,000,000
18/11/09	28/04/13	0.20	7,500,000
17/03/10	17/03/15	USD 0.25	5,000,000
18/03/10	30/12/15	0.20	4,000,000
04/02/11	05/07/14	0.20	1,250,000
04/02/11	05/07/14	0.20	1,500,000
09/02/11	08/02/13	0.40	2,000,000
09/02/11	08/02/14	0.50	3,000,000
03/03/11	02/03/13	0.40	400,000
03/03/11	02/03/14	0.50	500,000
			75,230,000

Directors' Report
continued

Proceeding On Behalf of The Company

No person has applied for leave of any Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2012:

Taxation services and other services	***$24,260***

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 13 of this report.

Signed in accordance with a resolution of the Board of Directors.

Ian W Ross

Non-Executive Chairman

Dated: 19 September 2012

Auditor's Independence Declaration

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 **F** +61 2 9233 8521

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Indochine Mining Limited for the year ended 30 June 2012, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 19 September 2012

Corporate Governance Statement

Corporate Governance

The Directors are responsible for protecting the rights and interests of the shareholders through the implementation of sound strategies and action plans, and the development of an integrated framework of controls over the Company's resources, functions and assets. To assist in its corporate governance responsibilities, the Board has adopted a Corporate Governance Charter. An extract of this Charter is available on the Company's website at www.indochinemining.com.

General

The Company has formally constituted Committees of the Board of Directors. The Directors consider that the Company is of a size to justify the formation of special or separate Committees. The Board as a whole, together with the appointed Committees, is able to address the governance aspects of the Company's activities and ensure that it adheres to appropriate ethical standards. The composition of the Company's Committees is premised on there being four Directors. The current mix may be reviewed from time to time, if and when the composition of the Board increases in size and expertise. In its review Company will be mindful of its Diversity Policy and the ASX Corporate Governance June 2010 recommendations relating to diversity. The information below outlines the main corporate governance policies that the Directors have adopted.

Composition of the Board

The Board currently comprises four Directors. The names, qualifications and relevant experience of each Director are set out in the Directors' Report section of the Annual Report. There is no requirement for any Directors to hold shares in the Company. Board policy is that the Board will constantly review and monitor its performance. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed, and the Board may seek to appoint persons who, in the opinion of the Board, will provide specialist expertise required for the Board to adequately perform its role.

Board Membership

The Remuneration and Nomination Committee periodically reviews Board performance. Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the mining industry.

Appointment and Retirement of Directors

The Constitution provides that Directors are subject to retirement by rotation each three years, by order of length of appointment. Retiring Directors are eligible for re-election by shareholders at the Annual General Meeting of the Company.

Duties of Directors

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company, and to carry out their duties and responsibilities with due care and diligence. Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards. Accordingly, Directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

Independent Professional Advice

The Board has determined that individual Directors may, in appropriate circumstances, engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

Compensation Arrangements, and Remuneration and Nomination Committee

The maximum aggregate amount payable to Non-Executive Directors as Directors' fees has been set at $350,000 per annum. The Company's Constitution provides that Director's fees can only be increased by resolution at a General Meeting. The Company has established a Remuneration and Nomination Committee comprising four Non-Executive Directors (Stephen G Gemell, Committee Chairman, Ian W Ross, Gavan H Farley and John T Shaw) with the objective of maintaining and reviewing the Company's remuneration policies and practices, and reporting to the Board on such matters. An extract of the Remuneration and Nomination Committee Charter is available on the Company's website at www.indochinemining.com. The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

Audit Committee

The Board has an Audit Committee comprising three Non-Executive Directors (Stephen G Gemell, Committee Chairman, Gavan H Farley and John T Shaw). The Company has adopted an Audit Committee Charter setting out the composition, purpose, powers and scope of the Audit Committee, as well as reporting requirements to the Board as a whole. This Charter is available at the Company's website at www.indochinemining.com.

Internal Management Controls

The Company's main assets are located in Papua New Guinea and in Cambodia. Control over the operations is exercised by the exploration and operation managers employed by the Company. The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks in the manner described in their respective engagements.

Identifying Significant Business Risks

The Board regularly monitors the operational and financial performance of the Company's activities. In conjunction with the Company's Audit Committee, it monitors and receives advice on areas of operational and financial risks, and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's shares. However, the Directors recognise that mineral exploration and evaluation is inherently risky.

ASX Corporate Governance

To further enhance listed entities' disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities. The ASX CGC released its Principles of Good Corporate Governance and Best Practice Recommendations 2nd Edition (ASX Guidelines) in August 2007, which applies to companies upon listing on the ASX. The ASX Guidelines set out eight core principles that the ASX CGC believes underlie good corporate governance. The information below outlines the main corporate governance policies of the Company that the Board has adopted, as well as addressing in some detail the ASX Guidelines. Before referring to the specific principles set out in the ASX Guidelines and the steps being taken by the Company to comply with those, the following factors should be noted:

- Each of the Directors dedicates considerable time and effort to the affairs of the Company. The Directors do so in conjunction with their other work and business commitments, and as a consequence, the principal focus of their endeavours (while operating within a sound base for corporate governance) must necessarily be to promote the Company's activities and to improve shareholder value.
- The Company is committed to adopting corporate governance policies commensurate with its business activities and, as detailed above, has adopted a formal Corporate Governance Charter, setting out the roles and responsibilities of the independent Committees described above. It is within the above context that the Directors established the appropriate processes ensuring that the Company complies with the ASX Guidelines. In the context of those Guidelines, the Directors made the following observations in relation to the Company's corporate governance status:

Corporate Governance Statement
continued

ASX Guidelines and Indochine Mining Limited

Principle One

Lay Solid Foundations for Management and Oversight

The Company currently has no Executive Directors. The Company's executive management is responsible for the day to day operations of the Company. The Board evaluates the performance of senior executives on a regular basis.

Principle Two

Structure Board to Add Value

The Company has four Independent Directors (Ian W Ross, Stephen G Gemell, Gavan H Farley and John T Shaw) and they have extensive public company experience. The skills, experience and expertise of each Director are included in the Director's Report.

Principle Three

Promote Ethical and Responsible Decision Making

The Company is committed to ethical business practices and has adopted a:

- Code of Conduct for Directors and Company Officers
- Diversity Policy (the policy is on the Company's website);
- Securities Trading Policy (the policy is on the Company's website); and
- Continuous Disclosure Policy and Procedures.

At least once each 12 months the Remuneration and Nomination Committee will review the Diversity Policy; including the progress being made on the achievements of diversity objectives over the preceding year. At the current time the Company has no women in senior executive positions or on the Board and a small percentage of its total staff are women. This in part reflects the very remote locations where the Company's main operations take place in PNG and Cambodia. However, the Company is very mindful of its Diversity Policy and social responsibility and employs locals at its sites and staff of diverse ethnicity and age groups across the Group.

Principle Four

Safeguard Integrity in Financial Reporting

The Company has established a separately-constituted Audit Committee. The Committee comprises Stephen G Gemell, Committee Chairman, Gavan H Farley and John T Shaw. The Charter of the Audit Committee is published on the Company's website.

Principle Five

Make Timely and Balanced Disclosure

The Company has defined, under its Securities Trading Policy and its Corporate Governance Manual, an internal protocol for the reporting of material information to shareholders and the ASX. The Board and the management of the Company are responsible for complying with ASIC requirements and ASX Listing Rules and Company Secretary is responsible for liaising with ASX.

Principle Six

Respect the Right of Shareholders

The Company is committed to all shareholders and stakeholders having equal and timely access to material information regarding the operations and results of the Company. The Company makes regular ASX announcements and publishes these on its website.

Principle Seven

Recognise and Manage Risk

The Board of Directors has adopted formal policies on risk oversight and management of material business risks under its role reviewing and ratifying systems of risk management and internal compliance and control. Risk Factors are an agenda item for each Board meeting and the senior management periodically report to the Board on risk management and internal controls. The Company has an Occupational Health and Safety policy with which all of the Company's staff, contractors and consultants must comply.

Principle Eight

Remunerate Fairly and Responsibly

A Remuneration and Nomination Committee has been charged with making recommendations as to all aspects of Executive and Non-Executive Director, Management and Committee remuneration packages. The Remuneration and Nomination Committee comprises Stephen G Gemell, Committee Chairman, Ian W Ross, Gavan H Farley and John T Shaw. Because the Company is relatively small, the Board has decided not to have a separate Remuneration and a separate Nomination Committee.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	CONSOLIDATED GROUP 2012 $	2011 $
Other income	2(a)	**658,536**	431,094
Professional fees		**(96,335)**	(246,542)
Insurance expenses		**(133,263)**	(76,493)
Employee benefits expense		**(816,114)**	(690,583)
Share-based payment	2(c)	**-**	(1,226,225)
Depreciation and amortisation expenses	2(b)	**(84,961)**	(75,144)
Travel expenses		**(175,372)**	(123,872)
Consultancy expenses		**(771,893)**	(863,595)
Lease and occupancy expenses	2(d)	**(161,676)**	(49,715)
Exploration costs		**(30,630)**	-
Public relations and marketing expenses		**(158,124)**	(115,799)
Administration expenses		**(715,513)**	(335,000)
Other expenses		**(580)**	(1,923)
Loss before income tax		**(2,485,925)**	(3,373,797)
Income tax expense	3	**-**	-
Loss for the year		**(2,485,925)**	(3,373,797)
Other comprehensive income/(expense)			
Foreign currency translation reserve gains/(losses)	1(g)(iii)	**2,552,222**	(1,914,219)
Other comprehensive income/(expense) for the period		**2,552,222**	(1,914,219)
Total comprehensive income/(loss) for the period*		**66,297**	(5,288,016)
Basic earnings per share (cents per share)	6	**(0.51)**	(1.02)
Diluted earnings per share (cents per share)	6	**(0.51)**	(1.02)

* There are no non-controlling interests or losses. All losses are attributable to the members of the parent.

Consolidated Statement of Financial Position

For the year ended 30 June 2012

	Note	CONSOLIDATED GROUP 2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**1,807,627**	22,398,197
Trade and other receivables	8	**640,774**	2,063,839
TOTAL CURRENT ASSETS		**2,448,401**	24,462,036
NON-CURRENT ASSETS			
Property, plant and equipment	9	**506,797**	403,479
Exploration & evaluation costs capitalised	10	**69,248,142**	17,981,416
Other financial assets	11	**2,000**	2,000
TOTAL NON-CURRENT ASSETS		**69,756,939**	18,386,895
TOTAL ASSETS		**72,205,340**	42,848,931
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**5,235,359**	933,952
Short-term provisions	13	**237,917**	56,584
TOTAL CURRENT LIABILITIES		**5,473,276**	990,536
TOTAL LIABILITIES		**5,473,276**	990,536
NET ASSETS		**66,732,064**	41,858,395
EQUITY			
Issued capital	14	**80,687,017**	55,879,645
Accumulated losses	15(b)	**(25,502,940)**	(23,017,015)
Reserves	15(a)	**11,547,987**	8,995,765
TOTAL EQUITY		**66,732,064**	41,858,395

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
CONSOLIDATED GROUP				
Balance at 1 July 2010	20,376,489	(19,643,218)	9,075,693	9,808,964
Loss for the year	-	(4,877,287)	-	(4,877,287)
Currency translation differences	-	-	257,357	257,357
Total comprehensive income for the year	-	(4,877,287)	257,357	(4,619,930)
Costs of share based payments	-	-	1,166,205	1,166,205
Shares issued during the year	39,289,485	-	-	39,289,485
Transaction costs	(3,786,329)	-	-	(3,786,329)
Balance at 30 June 2011 (as reported in the financial report for the year ended 30 June 2011)	55,879,645	(24,520,505)	10,499,255	41,858,395
Adjustment relating to AASB 121 (refer to note 1s)	-	1,503,490	(1,503,490)	-
Restated Balance at 30 June 2011	**55,879,645**	**(23,017,015)**	**8,995,765**	**41,858,395**
Balance at 1 July 2011	55,879,645	(23,017,015)	8,995,765	41,858,395
Loss for the year	-	(2,485,925)	-	(2,485,925)
Currency translation differences	-	-	2,552,222	2,552,222
Total comprehensive income for the year	-	(2,485,925)	2,552,222	66,297
Shares issued during the year	25,250,000	-	-	25,250,000
Transaction costs	(442,628)	-	-	(442,628)
Balance at 30 June 2012	**80,687,017**	**(25,502,940)**	**11,547,987**	**66,732,064**

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Note	CONSOLIDATED GROUP 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(3,422,605)**	(5,448,338)
Interest received	2(a)	**409,510**	431,094
Net cash used in operating activities	18	**(3,013,095)**	(5,017,244)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase or property, plant and equipment		**(179,950)**	(40,975)
Payments for mining interests and exploration costs		**(25,411,870)**	(8,801,320)
Net cash used in investing activities		**(25,591,820)**	(8,842,295)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary share net of transaction costs		**7,807,372**	35,503,156
Net cash provided by financing activities		**7,807,372**	35,503,156
Net increase/(decrease) in cash held		**(20,797,543)**	21,643,617
Cash at the beginning of the year		**22,398,197**	709,089
Foreign exchange translation difference		**206,973**	45,491
Cash at the end of the year	7	**1,807,627**	22,398,197

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies

These consolidated financial statements and notes represent those of Indochine Mining Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Indochine Mining Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report of Indochine Mining Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 24 August 2012.

Indochine Mining Limited is a company limited by shares incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board1 and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Indochine Mining Limited at the end of the reporting period. A controlled entity is any entity over which Indochine Mining Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquirer.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending on the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as receivables. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Accounting Policies

a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	10% - 33%
Furniture and Fittings	5% - 15%
Improvements	5% - 10%
Equipment	5% - 33%
Motor Vehicles	6.67% - 15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalue assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

e) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expected to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of the reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118 Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting in a year's period;

– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

– the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g) Foreign Currency Transactions and Balances

(i) *Functional and Presentation Currency*

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) *Transaction and Balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

(iii) *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The translation of foreign operations in the year under review resulted in a gain of $2,552,222 mainly in relation to the strengthening of the Papua New Guinea Kina against the Australian Dollar.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k) Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n) Equity-Settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

q) Exploration and evaluation expenditure

Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist and that development may be sanctioned. Management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Judgement is also applied by management in determining which costs are directly attributable to the exploration assets. Critical estimates are made in respect of the percentage time that management and other employees spend in the development of the various assets. While management used their best judgement in this regard, there remains a degree of estimation uncertainty surrounding the allocation of costs to the various assets.

Key Judgements

(i) *Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the report period at $69,248,142.

(ii) *Abandoned Areas*

The licences acquired in respect of the Cambodian operations comprise several licences across a large geographic area. Management has applied their judgement and determined that all of these licences to be treated as one area for the purposes of considering "abandoned areas" as referred to in the note 1 (d) above. The fact that a particular licence in a geographic area is not being explored at a particular point in time, does not mean it is abandoned as such, but rather that some licences are considered more prospective than others. It may well be that an area not currently being developed at present, may well be reconsidered for development at another time in the future.

(iii) *Expiry of Licences*

The Group has a significant portion of its mining licences in Cambodia that expire in the next financial year. Management has lodged application to extend all of these licences, however it is not expected that all extension will be granted by the date that the licences expire. Management has exercised its judgement and assumed all licences will be renewed in the ordinary course of operations, and consequently, no impairment has been raised in respect of mining licences expiring in the next financial year.

r) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company and consolidated entity incurred losses of $1,636,067 and $2,485,925 respectively and the consolidated entity had net cash outflows from operating activities of $3,013,095 and net cash outflows from investing activities of $25,591,820 for the year ended 30 June 2012. As at that date the consolidated entity had cash at bank of $1,807,627, net current liabilities of $3,024,875, and net assets of $66,732,064.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors.

- On 10 August 2012 Indochine Mining Limited completed a capital raising of $9.8 million at 12 cents per share, via a private placement of 81,949,998 new IDC shares with new institutional and sophisticated investors, supported by some of the company's largest institutional shareholders maintaining their position.
- Management has reviewed the company and consolidated entity's cashflow requirements and has satisfied themselves that there are adequate resources in place to meet the planned operational and exploration activities for at least 12 months following the date of this report;
- In the event exploration and operating activities exceed the planned cashflow forecasts, or continue beyond 12 months following the date of this report, the company has the ability to raise additional funds, pursuant to the *Corporations Act 2001*;
- The ability of the company and consolidated entity to further scale back certain parts of their explorations activities if required; and
- The company and consolidated entity retain the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

s) Prior Period Adjustment

The following prior period adjustment relates to exchange differences arising at period end in relation to the foreign currency intercompany loans receivable from overseas subsidiary the repayment of which is neither planned nor likely and is therefore more correctly included as part of the Parent Entity's net investment in foreign operations. Consequently, in accordance with AASB 121, such foreign exchange differences are recognised separately in other comprehensive equity on consolidation.

At 30 June 2011 an unrealised foreign exchange loss of $1,503,490 was recognised in the Statement of Comprehensive Income. This resulted in the foreign currency translation reserve being overstated by $1,503,490 and conversely the retained earnings attributable to members of the parent entity were understated by $1,503,490. This adjustment has resulted in the loss after tax at 30 June 2011 decreasing by $1,503,490 to $3,373,797. Due to this adjustment, basic and diluted earnings per share at 30 June 2011 have increased from (1.48) to (1.02) cents per share.

t) New Accounting Standard for Application in Future Periods

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)	Unlikely to have significant impact
2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2013	Unlikely to have significant impact
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013	Unlikely to have significant impact
2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	This Standard makes amendments to Australian Accounting Standard AASB 124 *Related Party Disclosures*.	1 July 2013	Disclosure only

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	Unlikely to have significant impact
2011-8	*Amendments to Australian Accounting Standards arising from AASB 13*	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 *Fair Value Measurement*.	1 January 2013	Unlikely to have significant impact
2012-1	*Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements*	This Standard makes amendments to AASB 3, 7, 13, 140 and 141 to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13.*	1 July 2013	Disclosure only
AASB 119	*Employee Benefits*	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013	Unlikely to have significant impact
2011-10	*Amendments to Australian Accounting Standards arising from AASB 119*	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 *Employee Benefits.*	1 January 2013	Unlikely to have significant impact

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies Continued

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
IFRIC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013	Unlikely to have significant impact
2011-12	*Amendments to Australian Accounting Standards arising from Interpretation 20*	This Standard makes amendments to Australian Accounting Standard AASB 1 *First-time Adoption of Australian Accounting Standards*. These amendments arise from the issuance of IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine.*	1 January 2013	Unlikely to have significant impact
2012-2	*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the (potential) effect of netting arrangements. It also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	1 January 2013	Disclosure only
2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014	Unlikely to have significant impact

Note 2: Revenue And Expenses

		CONSOLIDATED GROUP	
		2012	2011
		$	$
a)	Revenue and expenses from continuing operations		
	Interest received	**409,510**	431,094
	Exchange gain	**249,026**	-
		658,536	431,094
b)	Loss before income tax includes the following specific expenses		
	Depreciation and amortisation expense		
	Computer equipment	**10,303**	749
	Furniture and fittings	**4,555**	4,205
	Software licenses	**10,613**	10,375
	Improvements	**4,929**	358
	Vehicles	**28,125**	31,622
	Equipment	**26,436**	27,835
		84,961	75,144
c)	Share based payments	**-**	1,226,225
d)	Lease rentals	**161,676**	49,715

Notes to the Financial Statements

For the year ended 30 June 2012

Note 3: Income Tax Benefit

		2012	2011
		$	$
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 2012 and 30 June 2011 is as follows:		
	Accounting loss before tax from continuing operations	**2,485,925**	4,877,287
	Accounting loss before income tax	**2,485,925**	4,877,287
	At the statutory income tax rate of 30% (2011: 30%)	**(745,778)**	(1,463,186)
	Permanent differences	**230,831**	587,057
	Temporary differences not previously brought to account – other	**-**	428,015
	Tax losses and timing differences not previously brought to account	**514,947**	(528,219)
	Income tax expense	**-**	-
	Effective income tax rate	**0%**	0%
b.	Tax balances not brought to account		
	Deferred tax assets (timing difference) comprises of:		
	Blackhole Expenditure	**296,157**	-
	Provisions and others	**28,813**	34,975
	Potential deferred tax asset (timing difference) not brought to account	**324,970**	34,975
	Deferred tax assets (tax losses) comprise of:		
	Tax losses not brought to account	**12,765,691**	9,642,421
	Potential deferred tax asset (tax losses) not brought to account	**3,829,707**	2,892,726

Note 4: Key Management Personnel Compensation

a) Name and position held of key management personnel in office at any time during or since the end of the financial year are:

Directors:

Ian W Ross

Gavan H Farley

Stephen G Gemell

John T Shaw

Management:

Stephen C Promnitz, CEO

George Niumataiwalu, Country Officer PNG, and Director of Regional Projects

Ross Hill , COO Cambodia

David Meade, Chief Geologist

Ashok Jairath, CFO

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

	2012	2011
	$	$
Short-term employee benefits	**2,102,037**	1,473,509
Post-employment benefits	**91,345**	46,738
Share based payments	**-**	506,250
	2,193,382	2,026,497

Notes to the Financial Statements

For the year ended 30 June 2012

Note 4: Key Management Personnel Compensation Continued

b) Share holdings

The number of shares in the Company held during the financial year by each key management personnel of Indochine Mining Limited, including their related parties are set out below.

	Balance at 1 July 2011	Received as Compensation	Net Change	Balance at 30 June 2012
Directors:				
Ian W Ross	500,000	-	-	500,000
Gavan H Farley	520,000	-		520,000
Stephen G Gemell	-	-	-	-
John T Shaw	-	-	-	-
Other key management personnel of the group:				
Stephen C Promnitz	845,000	-	-	845,000
George Niumataiwalu	-	-	-	-
Ashok Jairath	10,000	-	-	10,000
Ross M Hill	5,000,000	-	-	5,000,000
David Meade	50,000	-	-	50,000

c) Option holdings

Number of options held by key Management personnel.

	Balance at 1 July 2011	Received as Compensation	Net Change	Balance at 30 June 2012
Directors:				
Ian W Ross	3,500,000	-	-	3,500,000
Gavan H Farley	2,000,000	-	-	2,000,000
Stephen G Gemell	-	-	-	-
John T Shaw	-	-	-	-
Other key management personnel of the group:				
Stephen C Promnitz	-	-	-	-
George Niumataiwalu	-	-	-	-
Ashok Jairath	-	-	-	-
Ross M Hill	5,000,000	-	-	5,000,000
David Meade	-	-	-	-

Note 5: Auditor's Remuneration

	2012	2011
	$	$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	**51,169**	75,000
- other services	**24,260**	106,770
	75,429	181,770

Note 6: Earnings Per Share

		2012	2011
		$	$
a)	Reconciliation of earnings to loss	**(2,485,925)**	(3,373,797)
	Earnings used to calculate basic and diluted EPS	**(2,485,925)**	(3,373,797)
		No.	**No.**
b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**487,804,557**	330,545,413
	Weighted average number of options outstanding*	**82,901,233**	92,137,123
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**570,705,790**	422,682,536
c)	Basic loss per share (cents per share)	**(0.51)**	(1.02)
	Diluted loss per share (cents per share)	**(0.51)**	(1.02)

*Options are anti-dilutive and have therefore not been taken into account when evaluating diluted loss per share

Note 7: Cash And Cash Equivalents

	2012	2011
	$	$
Cash at bank and on hand	**1,807,627**	22,398,197
	1,807,627	22,398,197

Notes to the Financial Statements

For the year ended 30 June 2012

Note 8: Trade And Other Receivables

	2012	2011
	$	$
CURRENT		
Loan receivable*	-	1,515,860
Prepayments	**105,251**	87,281
Sundry debtors	**21,967**	5,662
GST and VAT	**279,038**	137,544
Bank guarantees	**199,346**	189,064
Deposits paid	**35,172**	128,428
	640,774	2,063,839

* The loan is unsecured, interest free and has been recovered during the year.

Note 9: Plant And Equipment

	2012	2011
	$	$
Computer equipment at cost	**61,073**	36,820
Accumulated depreciation	**(22,706)**	(12,403)
	38,367	24,417
Furniture and fittings at cost	**56,092**	44,716
Accumulated depreciation	**(20,755)**	(16,498)
	35,337	28,218
Software licenses at cost	**31,973**	30,971
Accumulated depreciation	**(22,165)**	(11,552)
	9,808	19,419
Buildings and improvements at cost	**79,734**	5,888
Accumulated depreciation	**(6,210)**	(1,282)
	73,524	4,606
Motor vehicles at cost	**313,725**	291,149
Accumulated depreciation	**(114,718)**	(112,584)
	199,007	178,565
Plant and Equipment at cost	**260,797**	237,213
Accumulated depreciation	**(110,043)**	(88,959)
	150,754	148,254
Total	**506,797**	403,479

Note 9: Plant And Equipment Continued

	2012 $	2011 $
Movements in carrying amounts		
Movements in carrying amounts for each class of property, plant and equipment		
Computer equipment		
Carrying value at beginning of the year	**24,417**	15,980
Additions	**24,253**	9,186
Depreciation	**(10,303)**	(749)
Carrying value at the end of the year	**38,367**	24,417
Furniture and fittings		
Carrying value at beginning of the year	**28,218**	37,790
Additions	**10,708**	645
Disposals	**-**	(1,183)
Depreciation	**(4,554)**	(4,205)
Foreign exchange differences	**965**	(4,829)
Carrying value at the end of the year	**35,337**	28,218
Software licenses		
Carrying value at beginning of the year	**19,419**	29,795
Additions	**1,002**	-
Depreciation	**(10,613)**	(10,375)
Carrying value at the end of the year	**9,808**	19,419
Building improvements		
Carrying value at beginning of the year	**4,606**	5,565
Additions	**73,611**	421
Depreciation	**(4,929)**	(358)
Foreign exchange differences	**236**	(1,021)
Carrying value at the end of the year	**73,524**	4,606

Notes to the Financial Statements

For the year ended 30 June 2012

Note 9: Plant And Equipment Continued

	2012 $	2011 $
Motor vehicles		
Carrying value at beginning of the year	**178,565**	307,127
Additions	**48,651**	1,866
Disposals	**(9,330)**	(43,392)
Depreciation	**(28,125)**	(31,622)
Foreign exchange differences	**9,246**	(55,414)
Carrying value at the end of the year	**199,007**	178,565
Plant and Equipment		
Carrying value at beginning of the year	**148,254**	181,456
Additions	**21,725**	28,860
Disposals	**(272)**	(2,204)
Depreciation	**(26,437)**	(27,835)
Foreign exchange differences	**7,484**	(32,023)
Carrying value at the end of the year	**150,754**	148,254
Total		
Carrying value at beginning of the year	**403,479**	577,713
Additions	**179,950**	40,978
Disposals	**(9,602)**	(46,779)
Depreciation	**(84,961)**	(75,144)
Foreign exchange differences	**17,931**	(93,287)
Carrying value at the end of the year	**506,797**	403,479

Note 10: Evaluation & Exploration Costs Capitalised

	2012 $	2011 $
Opening balance	**17,981,416**	9,225,587
Current year expenditure	**48,531,551**	9,206,464
Foreign currency translation reserve	**2,735,175**	(450,635)
Closing balance	**69,248,142**	17,981,416

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 11: Other Financial Assets

Available for sale financial asset		
Investment in Tiaro Coal Limited	**2,000**	2,000
	2,000	2,000

Note 12: Trade And Other Payables

CURRENT		
Trade payables	**5,040,891**	909,539
Payroll related payables	**181,968**	10,163
Other payables	**12,500**	14,250
	5,235,359	933,952

Note 13: Provisions

CURRENT		
Annual leave	**41,471**	56,584
Other employee benefits	**196,446**	-
	237,917	56,584
Opening balance	**56,584**	573,646
Raised during the year	**237,917**	56,584
Used during the year	**(56,584)**	(573,646)
Closing balance	**237,917**	56,584

Notes to the Financial Statements

For the year ended 30 June 2012

Note 14: Issued Capital

	2012	2011
	$	$
Ordinary shares		
546,333,324 (2011: 423,333,324) fully paid ordinary shares	**80,687,017**	55,879,645

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

.

	Movements in ordinary shares on issue	No. of Shares	$
	Balance at 1 July 2010	256,739,196	20,376,489
29/09/10	Options exercised	1,500,000	150,000
27/10/10	Options exercised	500,000	50,999
27/11/10	IPO	100,765,000	20,153,000
08/12/10	Issue of shares to David Evans	1,500,000	300,000
18/02/11	Issue of shares to Christopher Snaith	400,000	98,000
13/04/11	Placement	53,750,629	16,125,188
18/05/11	Issue of shares to Stephen Promnitz	825,000	206,250
18/05/11	Share Purchase Plan	300,003	90,000
10/06/11	Placement	7,053,496	2,116,048
	Less transaction costs on share issue	-	(3,786,329)
	Balance at 30 June 2011	**423,333,324**	**55,879,645**
	Balance at 1 July 2011	**423,333,324**	**55,879,645**
31/08/11	Issue of Shares as partial consideration to vendors of Summit Development Ltd (Mt Kare Project)	68,000,000	17,000,000
09/05/12	Placement	55,000,000	8,250,000
09/05/12	Less transaction cost on share issue	-	(442,628)
	Balance at 30 June 2012	**546,333,324**	**80,687,017**

Note 14: Issued Capital Continued

	Movements in options	No. of Options
	Balance as at 1 July 2010	108,580,000
29/09/10	Options exercised	(1,500,000)
26/10/10	Options exercised	(500,000)
04/02/11	Issue of options	2,750,000
09/02/11	Issue of options	5,000,000
09/02/11	Cancellation of options	(17,000,000)
03/03/11	Issue of options	900,000
03/03/11	Cancellation of options	(3,000,000)
	Balance as at 30 June 2011	**95,230,000**
	Balance at 1 July 2011	95,230,000
18/11/11	Options expired	(20,000,000)
	Balance as at 30 June 2012	75,230,000

On 18 November 2011, 20,000,000 options issued to Kingsgate Consolidated Limited at US$ 0.25 expired.

Each option on issue entitles the holder to purchase one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the Corporations Act 2001, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

Capital Management

Management controls the capital of the Group in order to maintain stable cash reserves, reduce capital raising requirements, and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and current and financial liabilities. There is no non-current external debt. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's cash flow and capital requirements and responds to those needs. These responses include management of capital projects, acquisition of mineral licences and reduction of expenditure.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 15: Reserves And Accumulated Losses

	2012	2011
	$	$
a) Reserves		
Share option reserve	**10,264,892**	10,264,892
Foreign currency translation reserve	**1,283,095**	(1,269,127)
Total Reserves	**11,547,987**	8,995,765
Movements:		
Foreign currency translation reserve		
At the beginning of the year	**(1,269,127)**	(22,994)
Currency translation differences arising during the year	**2,552,222**	(1,246,133)
Balance at the end of the financial year	**1,283,095**	(1,269,127)
Share option reserve		
At the beginning of the year	**10,264,892**	9,098,687
Share options arising during the year	**-**	1,166,205
Balance at the end of the financial year	**10,264,892**	10,264,892

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Shared option reserve
The share option reserve is used to recognise the fair value of options issued but not exercised.

b) Accumulated Losses
Movements in accumulated losses were as follows:

	2012	2011
Accumulated losses at the beginning of the year	**(23,017,015)**	(19,643,218)
Net loss attributable to members of Indochine Mining Limited	**(2,485,925)**	(3,373,797)
Accumulated losses at the end of the financial year	**(25,502,940)**	(23,017,015)

Note 16: Parent Entity Disclosures

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	PARENT ENTITY	
	2012	**2011**
	$	**$**
a) Financial information		
Loss for the year	**1,636,067**	3,880,070
Total comprehensive loss	**1,636,067**	3,880,070
Current Assets	**1,843,175**	32,149,793
Non-current Assets	**76,449,679**	22,776,763
Total Assets	**78,292,853**	54,926,556
Current Liabilities	**2,258,593**	2,063,600
Total Liabilities	**2,258,593**	2,063,600
Net Assets	**76,034,260**	52,862,955
Shareholders' Equity		
Issued Capital	**80,687,017**	55,879,645
Reserves	**10,264,892**	10,264,892
Accumulated Losses	**(14,917,649)**	(13,281,582)
Total Equity	**76,034,260**	52,862,955

Note 17: Financial Risk Management And Instruments

Financial assets		
Cash and cash equivalents	**1,807,627**	22,398,197
Available-for-sale financial assets:		
- At fair value		
- Unlisted investments	**2,000**	2,000
Total financial assets	**1,809,627**	22,400,197
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**5,235,986**	933,952
Total financial liabilities	**5,235,986**	933,952

Notes to the Financial Statements

For the year ended 30 June 2012

Note 17: Financial Risk Management And Instruments Continued

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the capital project management and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a) Market risk and interest rate risk

i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Kina.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Company's functional currency is Australian dollars. The Group's Cambodia subsidiary has a functional currency of US dollars and the Group's PNG subsidiary has a functional currency of the Kina.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2012	2011
	$	$
Cash and cash equivalent	**498,766**	3,824,732
Payable	**2,044,806**	124,345
Net exposure	**(1,546,040)**	3,700,387

Foreign currency sensitivity analysis

The Group is exposed to movements in US dollars and Kinas. The following table details the Group's sensitivity to a 10% increase and a 10% decrease in the Australian dollar against the relevant currencies.

	2012	2011
	$	$
AUD increase against USD and Kina		
Profit or loss post tax	**98,384**	(235,479)
AUD decrease against USD and Kina		
Profit or loss post tax	**(120,247)**	287,807

ii) Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents. The Group does not have any borrowings from external counterparties.

Group sensitivity

At 30 June 2012, the Group's exposure to interest rates is not deemed to be material to its primary activities and the interest is generally fixed.

Note 17: Financial Risk Management And Instruments Continued

b) Credit risk

Given the group does not hold trade debtors they are not exposed to credit risk. All cash reserves are invested with one of Australia's big four banks.

c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from shareholders;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- managing the company's exploration spend and capital projects.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis

Consolidated Group	**Within 1 Year**		**Total**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables (excluding est. annual leave)	**5,235,359**	933,952	**5,235,359**	933,952
Total expected outflows	**5,235,359**	933,952	**5,235,359**	933,952
Financial assets — cash flows realisable				
Trade and other receivables	**640,744**	1,653,404	**640,744**	1,653,404
Cash and cash equivalents	**1,807,627**	22,398,197	**1,807,627**	22,398,197
Total expected inflows	**2,448,401**	24,051,601	**2,448,401**	24,051,601
Net (outflow)/inflow on financial instruments	**(2,786,958)**	23,117,649	**(2,786,958)**	23,117,649

Notes to the Financial Statements

For the year ended 30 June 2012

Note 18: Cash Flow Information

	2012 $	2011 $
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	**(2,485,925)**	(3,373,797)
Non-cash flows in profit		
Depreciation	**84,961**	75,144
Net loss on disposal of plant and equipment	**4,578**	46,779
Foreign exchange	**2,552,224**	(1,152,850)
Share option expense	**-**	1,166,205
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**1,423,065**	(1,049,194)
Decrease in trade and other creditors	**(4,773,331)**	(212,469)
(Decrease)/increase in provisions	**181,333**	(517,062)
Net cash flow used in operating activities	**(3,013,095)**	(5,017,244)

Note 19: Related Party Transactions

a. The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the Group, is Indochine Mining Limited, which is incorporated in Australia.

ii. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 4: Key Management Personnel Compensation.

iii. Entities subject to significant influence by the Group:

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 21: Controlled Entities.

iv. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

Note 19: Related Party Transactions Continued

b. Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

i. Key management personnel:

	2012 $	2011 $
Consultancy fees		
Ian Ross	-	125,000
Gavan Farley	-	100,108
Stephen G Gemell	**900**	-

Sydney based directors were engaged on a daily basis throughout the year over and above their non-executive roles.

c. Amounts outstanding from related parties:

	2012	2011
i. Loans to ultimate parent entity:		
Beginning of the year	**1,188,082**	1,293,382
Loan repayment received	**8,250**	(105,300)
End of the year	**1,196,332**	1,188,082
. ii. Loans to subsidiaries:		
Beginning of the year	**16,061,649**	7,367,444
Loans advanced	**21,196,914**	8,694,205
End of the year	**37,258,563**	16,061,649
iii Doubtful debts		
Beginning of the year	**3,828,397**	3,828,397
End of year	**3,828,397**	3,828,397

d. Amounts payable to related parties:

	2012	2011
i. Loans from the parent entity:		
Beginning of the year	**9,866,645**	-
Loans advanced	**20,292,913**	9,867,718
Loan repayment received	-	(1,073)
End of the year	**30,159,558**	9,866,645
ii. Loans from subsidiaries :		
Beginning of the year	**7,383,086**	8,660,826
Loans advanced	**302,251**	17,273
Loan repayment received	-	(1,295,013)
End of the year	**7,685,337**	7,383,086

Notes to the Financial Statements

For the year ended 30 June 2012

Note 20: Segment Reporting

During the year the Group operated predominantly in one business segment, being gold and silver mining exploration. Geographically the Group operates exclusively in one geographical segment being Asia Pacific with an office maintained in Australia. Segment results are classified in accordance with their use within geographic segments.

	Australia	Cambodia	Papua New Guinea	Total
2012	**$**	**$**	**$**	**$**
Revenue				
Interest income	658,536	-	-	658,536
Total segment revenue	658,536	-	-	658,536
Results				
Operating loss before income tax	1,727,569	758,356	-	2,485,925
Income tax expense	-	-	-	-
Net loss	1,727,569	758,356	-	2,485,925
Included within segment results	1,727,569	758,356	-	2,485,925
Depreciation and amortization of segment assets	27,896	57,065	-	84,961
Segment assets	2,141,153	14,464,443	55,599,744	72,205,340
Segment liabilities	411,970	110,526	4,950,780	5,473,276
2011				
Revenue				
Interest income	430,964	130	-	431,094
Total segment revenue	430,964	130	-	431,094
Results				
Operating loss before income tax	2,845,752	528,045	-	3,373,797
Income tax expense	-	-	-	-
Net loss	2,845,752	528,045	-	3,373,797
Included within segment results	2,845,752	528,045	-	3,373,797
Depreciation and amortization of segment assets	12,633	62,511	-	75,144
Segment assets	22,563,201	12,197,348	8,088,382	42,848,931
Segment liabilities	875,143	115,393	-	990,536

Note 21: Controlled Entities

Subsidiaries of Indochine Mining Limited:	Country of Incorporation	Percentage Owned 2012	2011
Indochine Resources Limited	Australia	**100%**	100%
Indochine Resources (Cambodia) Limited	Cambodia	**100%**	100%
Asia Pacific Gold & Copper Company Limited	Australia	**100%**	100%
Asia Pacific Gold & Copper (Cambodia) Limited	Cambodia	**100%**	100%
Aries Mining Limited	Australia	**100%**	100%
Summit Development Ltd	Papua New Guinea	**100%**	99%

Note 22: Commitments And Contingencies

	2012 $	2011 $
Operating lease commitments		
- not later than 12 months	**399,303**	129,490
- between 12 months and five years	**465,264**	571,870
	864,567	701,360

Note 23: Subsequent Events

On 10 August 2012 Indochine Mining Limited completed a capital raising of $9.8 million at 12 cents per share, via a private placement of 81,949,998 new IDC shares with new institutional and sophisticated investors, supported by some of the company's largest institutional shareholders maintaining their position.

The placement was finalised and shares allotted on 10 August 2012. The funds will be used to advance the Pre-Feasibility Study on the major gold/silver project at Mt Kare, in Papua New Guinea, and for working capital.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 24: Share-Based Payment

a) Employee Share and Option Plan

The Indochine Mining Limited Employee Share and Option Plan is designed to provide long term incentives for executives (including Executive Directors) and senior employees to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

No shares or options under the plan were granted during the financial year.

b) Expenses arising from sharebased payment transactions

	2012	2011
	$	**$**
Share–based payment transaction	-	1,226,225

Note 25: Company Details

Indochine Mining Limited

Suite 1, Level 3

275 George Street

Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 54, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the Corporations Regulations 2001; and

    b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Company.

This declaration has been made after receiving the declaration required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

On behalf of the Directors

Ian W Ross

Non-Executive Chairman

Dated: 19 September 2012

Auditor's Report

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 **F** +61 2 9233 8521

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

INDOCHINE MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Indochine Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's 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 about 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 control 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 control. 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.

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

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Indochine Mining Limited is 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 2012 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Indochine Mining Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 19 September 2012

Shareholder Information

Shareholder information as at 11 September 2012

Ordinary Share Capital

As at 11 September, the issued capital comprised of 546,306,846 ordinary fully paid shares (quoted) and 81,976,476 ordinary fully paid shares (not quoted, escrowed until 9 Dec 2012) held by 1,303 holders.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares		Options	
Holding	Number of Holders	Number of Shares	Number of Holders	Number of Options
1 to1,000	77	1959		
1,001 to 5000	111	394,292		
5,001 to 10,000	217	1,933,070		
10,001 to 100,000	595	26,269,182	1	900,000
100,000 and over	303	599,684,819	13	74,330,000
	1,303	628,283,322	14	75,230,000

There were 125 holders of less than a marketable parcel of ordinary shares.

Substantial holders

Substantial holders in the company are set out below:

Name of substantial shareholder	Number of shares held	Percentage of issued shares
Baker Steel Capital Managers	64,606,225	10.28
BlackRock Group	54,235,974	8.63
Och-Ziff Holding Corporation	49,039,959	7.81
Genesis Asset Managers	34,833,333	5.54
Citicorp Nominees Pty Ltd	26,921,752	4.28

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

Twenty largest holders of quoted equity securities

Shareholder	Ordinary shares: Number held	Ordinary shares: Percentage of issued shares
National Nominees Limited	152,192,831	24.22%
HSBC Custody Nominees (Australia) Limited	80,529,072	12.82%
Citicorp Nominees Pty Limited	26,921,752	4.28%
Mr Hin Hong Koh	26,520,000	4.22%
Comdox No 208 Pty Limited	20,000,000	3.18%
Empire Securities Group	19,730,323	3.14%
Planning Development Business International Co Ltd	18,070,103	2.88%
BKVS Enterprises Pte Ltd	17,500,000	2.79%
Mr Siew Hong Koh	14,430,000	2.30%
JP Morgan Nominees Australia Limited	11,074,186	1.76%
Agcentral Pry Limited	10,666,666	1.70%
Kingsgate Consolidated Limited	10,000,000	1.59%
Keng Chuen Tham	8,036,667	1.28%
Mr David Andrew Evans	6,785,326	1.08%
BNP Paribas Noms Pty Ltd	6,320,000	1.01%
Mr Simon William Tritton	5,000,000	0.80%
Jowjin Pty Limited	5,000,000	0.80%
JP Morgan Nominees Australia Limited	4,693,117	0.75%
Yarandi Investments Pty Ltd	4,385,173	0.70%
Mr Cher Tze Hang Matthias	4,314,525	0.69%
Total	452,169,741	71.97%

Shareholder Information

continued

Interest in Mining Tenements

Current interest in tenements held by Indochine Mining Limited and its subsidiaries as at 11 September 2012 are listed below:

Country / Project	Tenement	Number of Tenement	Interest
Papua New Guinea / Mt Kare	EL1093	1	100%
Cambodia / Ratanakiri/ Kratie	130, 1075 to 1088	15	100%
Cambodia / Kratie	MOU1 & MOU2	2	100%
Cambodia / Ratanakiri	525 to 526*	2	90%

* The Company has a joint venture agreement with Ratanakiri Consultancy Company where their 10% interest is free carried until a decision to mine, at which time it can elect to contribute on pro-rata basis. The option Agreement detailed in the Prospectus was renegotiated into a Joint Venture Agreement on similar terms.

Companies In The Economic Entity

Indochine Mining Limited	ACN 141 677 385
Indochine Resources Limited	ACN 119 808 007
Indochine Resources (Cambodia) Limited	Cambodian Business number Co.4104E/2007
Asia Pacific Gold and Copper Company Limited	ACN 127 948 958
Asia Pacific Gold and Copper (Cambodia) Limited	Cambodian Business number Co.4835E/2008
Aries Mining Limited	ACN 112 236 114
Summit Development Limited	PNG company number 1-73895

Stock Exchange

Australian Stock Exchange (Sydney)
ASX code: IDC

Corporate Directory

Directors:	Ian W Ross Gavan H Farley Stephen G Gemell John T Shaw
Company Secretary:	Robert Waring Ashok Jairath
Registered Office:	Suite 1, Level 3 275 George Street Sydney, NSW 2000 Tel 02 8246 7007 Fax 02 8246 7005
Auditors:	RSM Bird Cameron Partners Level 12, 60 Castlereagh Street Sydney, NSW 2000 Tel 02 9233 8933 Fax 02 9233 8521
Share Registry:	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 200 Tel 02 8280 7111 Fax 02 8280 0303
Internet:	www.indochinemining.com
Email:	info@indochinemining.com

MINING LIMITED
Suite 1, Level 3, 275 George Street
Sydney NSW 2000
Telephone: 02 8246 7007
Facsimile: 02 9246 7005
Email: info@indochinemining.com
ACN 141 677 385
ASX: IDC
www.indochinemining.com