



INDOCHINE MINING LIMITED

ACN 141 677 385

Indochine Mining Limited - Quarterly Report

to end 31 December 2010

ASX:IDC

31 January 2011

12 Pages

Highlights

- Large-scale gold-copper exploration program re-commences in Cambodia.
- Major geophysics and drilling program over next 6 months to take projects to the next stage.
- Option signed on Mt Kare gold project in Papua New Guinea.
- Successful IPO of company in December 2010 after raising \$20 million from major institutions.
- Objective to repeat successes of other ASX-listed Asian gold-copper companies.

Exploration - Cambodia

Since listing in December, Indochine has reinvigorated a major gold and copper exploration program in Cambodia. The company holds the largest package of mineral leases in Cambodia, more than 4,000km², in an area which has seen limited exploration within a region known for world-class gold and copper deposits (see Figure 1).

Prospective targets were identified from exploration undertaken prior to listing at the Kratie and Ratanakiri projects.

Ratanakiri

Large scale helicopter-supported sampling was completed at Ratanakiri in December-January over an area which has not been subjected to modern exploration. Results are expected late in the March quarter. Detailed follow-up will include geophysics and stream/soil sampling, to be conducted during April-June. Gold workings were observed within targeted areas which will aid the follow-up. A large copper target has already been identified. Exploration will be focused on porphyry copper target and large gold targets with high grade veins anticipated.

Kratie North

Scout drilling (pre-IPO) identified the potential for a gold mineralised system at the Kratie North Project that includes high grade gold values. Gold values intercepted in prior drilling by the company included veins with gold values of 1 metre at 7.8 grams/tonne gold.



Re-analysis of the geophysics (magnetics), soil geochemistry and the drill results point to two significant near-surface targets nearby (see Figure 3).

Access to the Kratie North Project was reopened and the camp re-established from the prior scout drilling program during December-January. A major ground geophysics (IP) program is planned for February – March. Re-assaying of soil samples for other indicator elements will assist the drill targeting.

A significant follow-up drill program is scheduled for April-May on the best anomalies generated within the two targets.

Targets sought are large scale high grade vein gold deposits (like Pogo >5Moz at 12 grams/tonne gold) and/or bulk mineable gold mineralisation with high grade veins.

Exploration - Laos

Now that the company is listed and well financed, progress on the processing of exploration applications will be discussed with regulatory authorities during the March quarter.

Business Development

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

Indochine will provide finance of up to \$4 million to Summit Development Limited (*Summit*), a private PNG company, and Union Pacific Pty Ltd, a private Australian company, to assist in the purchase of the Mt Kare Gold Project (EL1093), as consideration for the option. The conditions include, among others, final ministerial approvals associated with EL1093.

The option agreement is over the issued capital of Summit and EL1093 until 28 February 2011 to enable the conditions to be satisfied and then for Indochine to seek shareholder's approval of the transaction. An extension to this option can be granted under certain conditions. Under the arrangements, the funds would be returned to Indochine if certain conditions are not met and shareholders approval is not obtained. A well credentialed development partner is also involved in the negotiations. Full details of the transaction will be disclosed when the negotiations are finalised.

The Mt Kare Gold Project is located 15 kilometres south-west of the multi-million ounce Porgera gold mine in the highlands of PNG. Porgera mine has been producing between 200,000-800,000 ounces per year for over 20 years from underground and open cut operations and contained 9.3 million ounces in non-JORC NI 43-101 reserves and resources in Dec 2009 (Reserves 77.5 Mt at 3.1g/t for 7.7 million ounces; Resources 23.9Mt at 2.08g/t for 1.6 million ounces) (Source:Barrick).



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Mt Kare was identified in 1988 due to substantial near-surface gold and has been the subject of considerable exploration and drilling campaigns, although some challenges have prevented the project advancing previously, which include its location and landowner claims.

IPO & Finance

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

Indochine would like to acknowledge the efforts of the team in Cambodia over the last three years and the support and assistance provided by Cambodia's Ministry of Mines and Energy.

Yours sincerely

Stephen Promnitz
Chief Executive Officer
Indochine Mining Limited
info@indochinemining.com



INDOCHINE MINING LIMITED

ACN 141 677 385

Corporate

Directors

Ian Ross	<i>Non-Executive Chairman</i>
Gavan Farley	<i>Director</i>
David Evans	<i>Director</i>

Management

Stephen Promnitz	<i>CEO</i>
David Meade	<i>Exploration Manager</i>
Ross Hill	<i>Manager Cambodia</i>

Securities

Ordinary Shares	361,004,196
Tradable Shares	272,046,982 (as at 31 Dec 2010). <i>Restricted securities are in escrow for up to 24 months from date of listing.</i>
Options	106,580,000 options with 64,080,000 restricted <i>for 12 to 24 months from date of listing.</i>

Registered Office

Indochine Mining Limited (ASX:IDC)
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Email: info@indochinemining.com
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Share Registry

Link Market Services Limited
Level 12, 680 George Street
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Tel: +61 2 8280 7111
Fax: +61 2 8280 0303
Email: info@linkmarketservices.com.au
Website www.linkmarketservices.com.au

Indochine's Aim and Approach

Indochine Mining Limited (ASX:IDC) is an ASX-listed South East Asian focused, large scale, gold-copper exploration and development company. The primary focus is in Cambodia, where it has the largest mining property holding in a country with limited modern exploration, within a region known for world-class gold and copper deposits. Papua New Guinea and Laos are also a focus due to the potential for large gold and copper deposits. The objective is to replicate the successes of other major companies in the region including Oz Minerals Ltd (Oxiana Ltd), Kingsgate Consolidated Ltd and PanAust Ltd in the development of a major new gold and copper province.

The CEO, Stephen Promnitz, has 25 years experience in the resources sector across Asia, Australia and South America and was most recently the second-in-charge at Kingsgate, which operates Thailand's largest gold mine, and assisted its growth from a junior miner to the ASX's second largest gold stock in five years. The Exploration Manager, David Meade, has in similar roles in Cambodia, Thailand, Laos, Vietnam and Indonesia over the past five years with Oz Minerals Ltd (Oxiana Ltd) and PanAust Ltd.

Figure 1: Cambodian Project Areas - Kratie and Ratanakiri

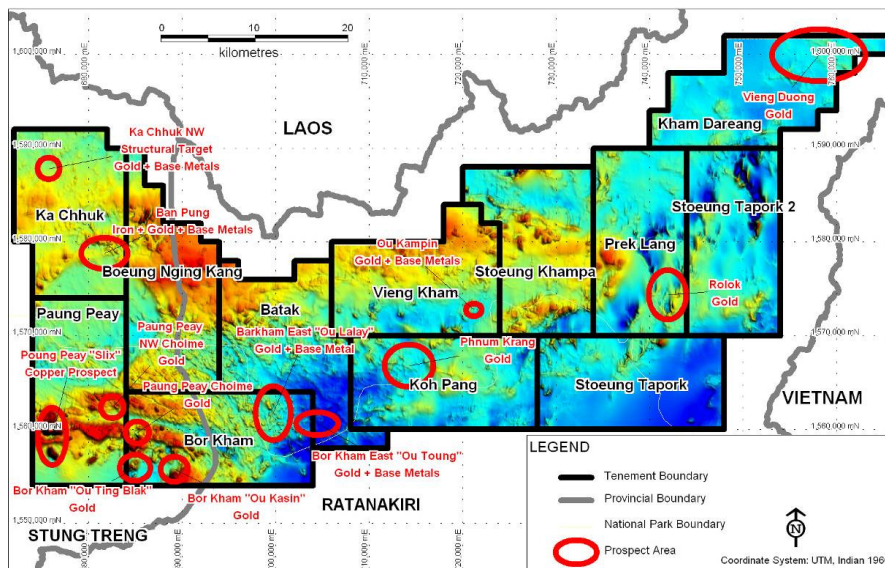
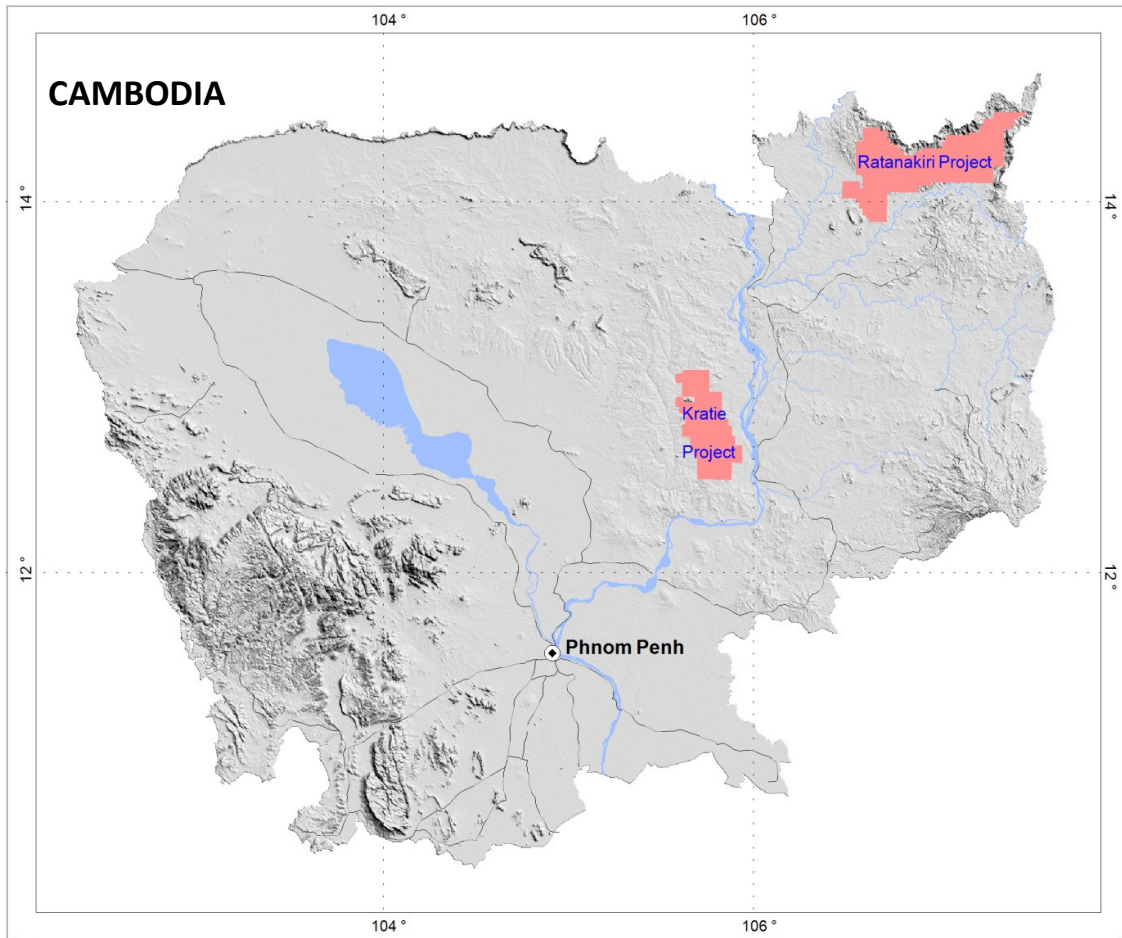


Figure 2: Ratanakiri Project Location Map, Airborne Geophysics (magnetics) & anomalies

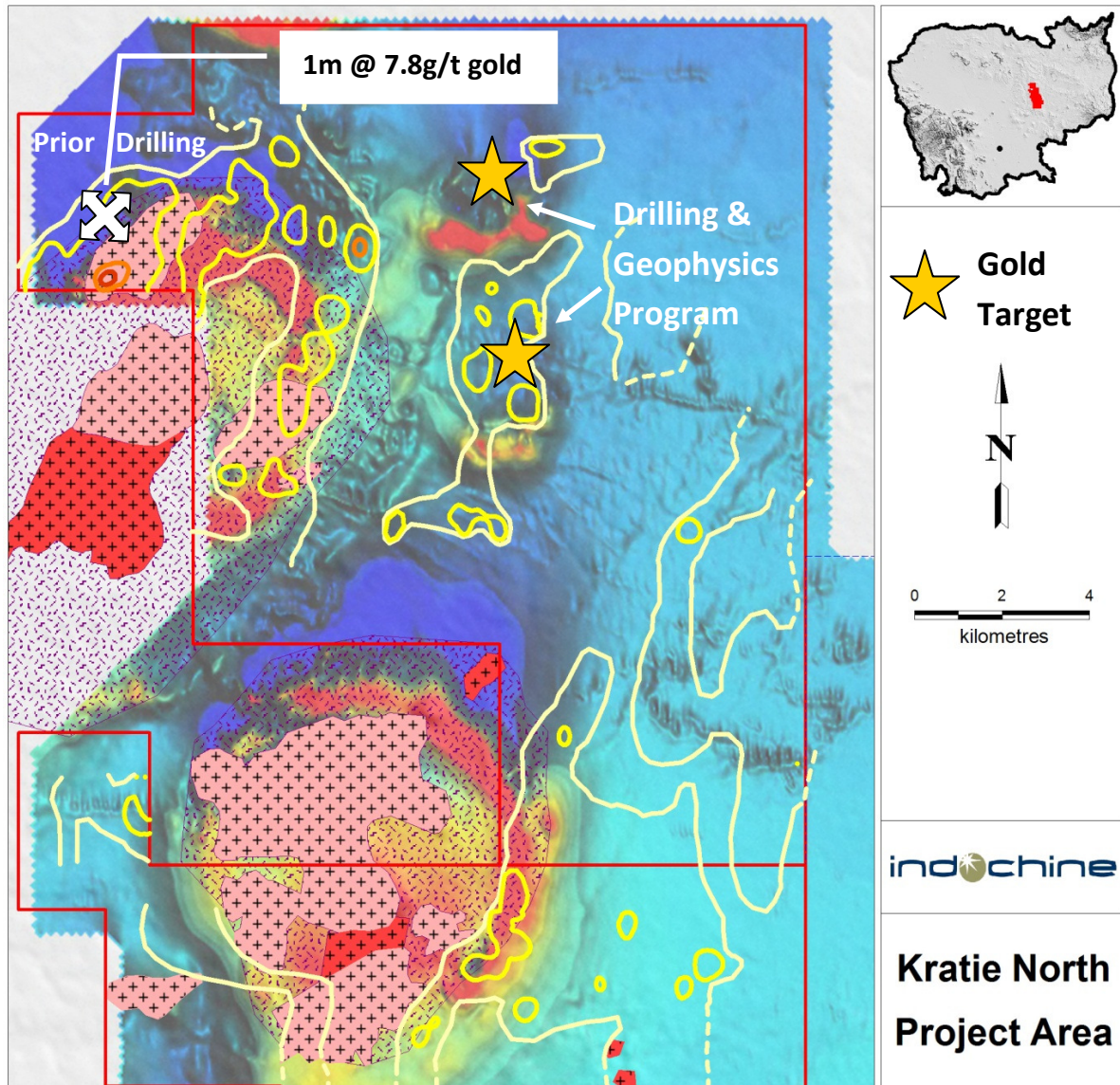


Figure 3: Kratie North Project Location Map

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

INDOCHINE MINING LIMITED

ABN

16 141 677 385

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(660)	(1,011)
(b) development	-	-
(c) production	-	-
(d) administration	(203)	(387)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(847)	(1,382)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(7)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	8	8
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	1	1
1.13 Total operating and investing cash flows (carried forward)	(846)	(1,381)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(846)	(1,381)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	20,204	20,354
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (IPO Costs)	(1,985)	(2,007)
	Net financing cash flows	18,219	18,347
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	291	786
1.21	Exchange rate adjustments to item 1.20	(8)	(96)
1.22	Cash at end of quarter	17,656	17,656

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	75
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

- The capital raising cost of \$ 2,007,000 relates to costs associated with listing of the Company and includes brokerage, Investigating Accountant's Report, legal advice, geological reports, printing & mailing of prospectus.

- Included in the exploration & evaluation is a payments of \$ 264,000 for the Mt Kare option announced to the ASX on 30th December 2010.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,862
4.2 Development	
4.3 Production	
4.4 Administration	968
Total	2,830

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	361	262
5.2 Deposits at call	17,266	-
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	29	29
Total: cash at end of quarter (item 1.22)	17,656	291

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Not applicable		
6.2	Interests in mining tenements acquired or increased	Not applicable		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	361,004,196	272,046,982	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	102,265,000	100,765,000	
7.5	*Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	20,000,000	-	US\$0.25	18 November 2011	
	6,080,000	-	\$0.20	31 October 2012	
	10,000,000	-	\$0.20	28 April 2013	
	15,000,000	-	\$0.20	30 April 2014	
	25,000,000	-	\$0.20	30 September 2014	
	1,500,000	-	\$0.20	30 December 2014	
	5,000,000	-	US\$0.25	17 March 2015	
	4,000,000	-	\$0.20	30 December 2015	
	8,000,000	-	\$0.30	8 February 2011	
	2,000,000	-	\$0.40	8 May 2011	
	10,000,000	-	\$0.50	8 August 2011	
7.8	Issued during quarter				
7.9	Exercised during quarter	500,000	-	US\$0.10	17 March 2015
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

(Director/Company secretary)

Date:

Print name:

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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