Annual Report 2010

indochine
MINING LIMITED

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Contents

Directors' Report

Your directors submit their report for the period ended 30 June 2010.

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	Appointed: 27 January 2010
Gavan H Farley	Appointed: 27 January 2010
Stephen G Gemell	Appointed: 28 February 2011
David A Evans	Appointed: 27 January 2010 Retired: 23 February 2011
Ross M Hill	Appointed: 17 May 2010 Retired: 24 February 2011

Directors qualifications, experience and special responsibilities

Ian W Ross

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

Chairman

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

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

Gavan H Farley

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

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

Gavan is an executive director of ASX listed Pilbara Minerals Limited.

Stephen G Gemell

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

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.

Steve is a director of ASX listed Argent Minerals Limited, Eastern Iron Limited and Uxa Resources Limited.

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Ian W Ross	500,000	3,500,000
Gavan H Farley	500,000	2,000,000
Stephen G Gemell	-	-

DIVIDENDS

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

CORPORATE INFORMATION

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

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year was the exploration of mining tenements.

OPERATING AND FINANCIAL REVIEW

During the 2010 financial year the Group continued with the process of exploring its mining tenements and accordingly no revenue was derived other than interest income on cash held with financial institutions.

OPERATING RESULTS FOR THE YEAR

The loss profit after tax of the consolidated entity for the year ended 30 June 2010 was $10,403,939 which included a shared based payment option expense of $9,098,687.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the consolidated entity and the company were established on 27 January 2010 with the view to listing the company on the Australian Securities Exchange. The company during March – April acquired previously stand alone companies Indochine Resources Limited, Indochine Resources (Cambodia) Limited, Asia Pacific Gold & Copper Limited, Asia Pacific Gold and Copper (Cambodia) Limited and Aries Limited through an intra group restructure. As a result, all these companies are now 100% owned subsidiaries of Indochine Mining Limited and accordingly this annual report reflects the consolidated accounts and stand alone accounts of Indochine Mining Limited. Furthermore, the company successfully listed on the Australian Securities Exchange by raising $20,153,000 from retail and institutional investors in December 2010.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

Subsequent to year end the company raised $20,153,000 through IPO and by listing on the Australian Securities Exchange in December 2010.

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.

SHARE OPTIONS

The following options over ordinary shares in the Company has been granted to the directors. No

Directors' Report

Continued

shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options.

Director	Number of Options over Ordinary Shares
Ian W Ross	3,500,000
Gavan H Farley	2,000,000

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

DIRECTORS' MEETINGS

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

	Number eligible to attend	Number attended
Ian W Ross	3	3
Gavan H Farley	3	3
David A Evans	3	3
Ross M Hill (by invitation)	3	3

AUDITOR INDEPENDENCE

A copy of the auditor's independence as required under §307 of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Ian Ross

Non Executive Chairman

Date: 11 February 2011

Auditor's Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
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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 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Gary N Sherwood
Partner

Sydney, NSW
Dated: 11 March 2011

Independent Auditor's Report

RSM Bird Cameron Partners
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

INDOCHINE MINING LIMITED

We have audited the accompanying financial report of Indochine Mining Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and 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.

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 opinion.

RSM Bird Cameron Partners
Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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 company's financial position as at 31 December 2010 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.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Gary N Sherwood
Partner

Sydney, NSW
Dated: 11 March 2011

Statement of Comprehensive Income

For the year ended 30 June 2010

		CONSOLIDATED GROUP	
		2010	**2009**
	Notes	**$**	**$**
Other income	2(a)	**465,412**	210,941
Professional fees		**(232,324)**	(173,368)
Insurance expenses		**(19,123)**	(53,601)
Employee benefits expense		**(9,758,926)**	(1,745,263)
Depreciation and amortisation expenses	2(b)	**(75,313)**	(110,621)
Travel expenses		**(64,203)**	(392,794)
Consultancy expenses		**(308,926)**	(223,076)
Lease and occupancy expenses		**(65,669)**	(342,820)
Public relations and marketing expenses		**-**	(8,345)
Impairment write-downs		**(42,672)**	(335,846)
Administration expenses		**(109,870)**	-
Other expenses		**(192,325)**	(442,710)
Loss before income tax		**(10,403,939)**	(3,617,503)
Income tax expense	3	**-**	-
Loss for the year		**(10,403,939)**	(3,617,503)
Other comprehensive income/(expense)			
Foreign currency translation reserve gains (losses)		**338,773**	(237,761)
Other comprehensive income/(expense) for the period		**338,773**	(237,761)
Total comprehensive loss for the period		**(10,065,166)**	(3,855,264)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2010

		CONSOLIDATED GROUP	
		2010	**2009**
	Notes	**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	7	**709,089**	1,192,649
Trade and other receivables	8	**1,014,646**	104,819
TOTAL CURRENT ASSETS		**1,723,735**	1,297,468
NON-CURRENT ASSETS			
Property, plant and equipment	9	**577,713**	594,467
Deferred mining evaluation and exploration costs	10	**9,225,587**	3,692,316
Other financial assets	11	**2,000**	2,000
TOTAL NON-CURRENT ASSETS		**9,805,300**	4,288,783
TOTAL ASSETS		**11,529,035**	5,586,251
CURRENT LIABILITIES			
Trade and other payables	12	**1,146,425**	804,418
Short-term provisions	13	**573,646**	139,497
TOTAL CURRENT LIABILITIES		**1,720,071**	943,915
TOTAL LIABILITIES		**1,720,071**	943,915
NET ASSETS		**9,808,964**	4,642,336
EQUITY			
Issued capital	14	**20,376,489**	13,565,836
Accumulated losses		**(19,643,218)**	(9,239,279)
Reserves	15	**9,075,693**	315,779
TOTAL EQUITY		**9,808,964**	4,642,336

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2010

CONSOLIDATED GROUP	Issued Capital $	Accumulated Losses $	Foreign Currency Reserve $	Share Option Expense $	Total Equity $
Balance at 1 July 2008	**13,564,836**	**(5,621,776)**	**78,018**	**-**	**8,021,078**
Loss for the period	-	(3,617,503)	-	-	(3,617,503)
Currency translation differences	-	-	237,761	-	237,761
Total comprehensive income for the period	-	(3,617,503)	237,761	-	(3,379,742)
Issue of Share Capital	1,000	-	-	-	1,000
Balance as at 30 June 2009	**13,565,836**	**(9,239,279)**	**315,779**	**-**	**4,642,336**
Balance at 1 July 2009	**13,565,836**	**(9,239,279)**	**315,779**	**-**	**4,642,336**
Loss for the period	-	(10,403,939)	-	-	(10,403,939)
Currency translation differences	-	-	(338,773)	-	(338,773)
Total comprehensive income for the period	-	(10,403,939)	(338,773)	-	(10,742,712)
Costs of share based payments	-	-	-	9,098,687	9,098,687
Issue of share capital	6,810,653	-	-	-	6,810,653
Balance at 30 June 2010	**20,376,489**	**(19,643,218)**	**(22,994)**	**9,098,687**	**9,808,964**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2010

		CONSOLIDATED GROUP	
		2010	**2009**
	Notes	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,251,599)**	(2,155,309)
Interest received	18	**9,263**	210,941
Net cash provided by (used in) operating activities		**(2,242,336)**	(1,944,368)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase or property, plant and equipment		**(58,559)**	(263,412)
Acquisition of subsidiary net of cash acquired	18	**-**	-
Payments for mining interests & exploration costs		**(3,782,756)**	(2,624,228)
Net cash provided by (used in) investing activities		**(3,841,315)**	(2,887,640)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary share		**5,938,864**	1,000
Loans to related parties		**-**	(335,846)
Net cash provided by (used in) financing activities		**5,938,864**	(334,846)
Net increase/(decrease) in cash held		**(144,787)**	(5,166,854)
Cash at the beginning of the year		**1,192,649**	6,121,742
Foreign exchange translation difference		**(338,773)**	237,761
Cash at the end of the year	7	**709,089**	1,192,649

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 1: Statement Of Significant Accounting Policies

The financial report of Indochine Mining Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 14th March 2011.

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 acquire.

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.

Notes to the Financial Statements

For the year ended 30 June 2010

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 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 set-off 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%
Boat	7.5%

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 revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d) Exploration and development expenditure

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

e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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

(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, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity nvestments 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, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) *Financial liabilities*

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

Fair value

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.

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.

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.

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.

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 expensed to the statement of comprehensive income.

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

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.

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.

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.

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).

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 of 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.

The company was formed on 27 January 2010. A group restructure transaction was entered into on 3 March 2020 whereby Indochine Mining Limited acquired Indochine Resources Limited and its subsidiaries. This was an intra group transaction the effects of which have been eliminated on consolidation. The comparative figures provided in these financial statements are those of Indochine Resources Limited with the Indochine Mining Limited financial statements effectively representing a continuation of the Indochine Resources Limited group of companies.

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.

In the opinion of the directors, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

Exploration and evaluation expenditure

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether economically viable extraction operations are viable where reserves have been discovered and whether indications of impairment exist. Any such estimates and assumptions may change as new information becomes available.

Development 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.

New Accounting Standards for Application in Future Periods

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2009-5	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]*	Amends a number of standards as a result of the annual improvements project.	1 January 2010	Unlikely to have significant impact
AASB 2009-8	*Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]*	Amends AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.	1 January 2010	Unlikely to have significant 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	Unlikely to have significant impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.	1 July 2010	Unlikely to have significant impact
AASB 124	*Related Party Disclosures*	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only
2009-10	*Amendments to Australian Accounting Standards – Classification of Rights Issues*	Amends AASB 132 to clarify the requirements for classification of rights, options and warrants.	1 February 2010	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
2009-13	*Amendments to Australian Accounting Standards arising from Interpretation 19*	Amends AASB 1 due to the issuance of Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.	1 July 2010	Unlikely to have significant impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2010-4	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010	Unlikely to have significant impact

Note 2: Revenue and Expenses

		CONSOLIDATED GROUP	
		2010	**2009**
		$	**$**
a)	Revenue and expenses from continuing operations		
	Loans forgiven	**241,150**	-
	Sundry income	**212,000**	-
	Interest received	**9,263**	209,941
		462,413	209,941
b)	Depreciation and amortisation expense		
	Computer equipment	**5,653**	2,500
	Furniture and fittings	**4,495**	7,725
	Software licenses	**1,177**	-
	Improvements	**388**	611
	Vehicles	**35,019**	36,805
	Equipment	**28,495**	62,802
	Boat	**86**	178
		75,313	110,621

Notes to the Financial Statements

For the year ended 30 June 2010

Note 3: Income Tax Benefit	Consolidated Group 2010 $	Consolidated Group 2009 $
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 2010 and 30 June 2009 is as follows:		
Accounting loss before tax from continuing operations	**10,403,939**	(3,617,503)
Accounting loss before income tax	**10,403,939**	(3,617,503)
At the statutory income tax rate of 30% (2009: 30%)	**(3,121,182)**	(1,085,251)
Permanent differences	**339,566**	100,754
Transaction costs on issue of shares	**(80,105)**	(785,809)
Temporary differences not previously brought to account – other	**(614,765)**	-
Tax losses and timing differences not previously brought to account	**3,476,486**	1,770,305
Income tax expense	**-**	-
Effective income tax rate	**0%**	0%
b) Tax balances not brought to account		
Deferred tax liability comprises of:		
Deferred mining exploration and evaluation costs	**(1,740,143)**	(1,107,695)
Deferred tax assets comprise of:		
Provisions	**29,247**	41,849
Net deferred tax liability	**(1,710,896)**	(1,065,846)
Tax losses not brought to account	**7,881,694**	10,442,796
Potential income tax benefit	**2,364,508**	3,132,839

Notes to the Financial Statements

For the year ended 30 June 2010

	CONSOLIDATED GROUP	
	2010	**2009**
Note 4: Key Management Personnel Compensation	**$**	**$**
Short-term employee benefits	**388,713**	
Post-employment benefits	**8,637**	(3,617,503)
Total compensation	**397,350**	(3,617,503)

Details of key management personnel:

Directors	**Management**
Ian W Ross	Stephen C Promnitz, CEO
Gavan H Farley	David Meade, Geologist
Stephen G Gemell	Ross Hill , COO Cambodia
	Ashok Jairath, CFO

Note 6: Auditor's Remuneration

Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	**59,500**	15,000
- other services	**98,500**	70,000
	158,000	22,000

Note 7: Cash and Cash Equivalents

Cash at bank and on hand	**709,089**	1,192,649
- auditing or reviewing the financial statements	**709,089**	1,192,649

Note 8: Trade and Other Receivables

CURRENT		
Prepayments	**557,699**	-
Sundry debtors	**1,456**	17,235
Indirect taxes	**173,014**	-
Bank guarantee's	**234,426**	-
Deposits paid	**48,051**	87,584
	1,014,646	104,819

Notes to the Financial Statements

For the year ended 30 June 2010

Note 9: Plant and Equipment

	Consolidated Group 2010 $	Consolidated Group 2009 $
Computer equipment at cost	**27,634**	30,423
Accumulated depreciation	**(11,654)**	(6,002)
	15,980	24,421
Furniture and fittings at cost	**50,083**	51,988
Accumulated depreciation	**(12,293)**	(8,155)
	37,790	43,833
Software licenses at cost	**30,972**	-
Accumulated depreciation	**(1,177)**	-
	29,795	-
Buildings and improvements at cost	**6,488**	7,009
Accumulated depreciation	**(923)**	(568)
	5,565	6,441
Motor vehicles at cost	**388,092**	359,469
Accumulated depreciation	**(80,965)**	(48,809)
	307,127	310,660
Equipment at cost	**241,398**	242,194
Accumulated depreciation	**(60,908)**	(34,194)
	180,490	208,000
Boat at cost	**1,182**	1,277
Accumulated depreciation	**(216)**	(165)
	966	1,112
Total	**577,713**	594,467

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment

	CONSOLIDATED GROUP	
	2010	2009
Note 9: Plant and Equipment	$	$
Computer equipment		
Carrying value at beginning of the year	**24,421**	24,334
Additions	**7,353**	1,700
Disposals	**-**	-
Depreciation	**(5,653)**	(2,500)
Foreign exchange differences	**(10,141)**	887
Carrying value at the end of the year	**15,980**	24,421
Furniture and fittings		
Carrying value at beginning of the year	**43,833**	18,376
Additions	**948**	26,900
Disposals	**-**	-
Depreciation	**(4,683)**	(7,725)
Foreign exchange differences	**(2,308)**	6,282
Carrying value at the end of the year	**37,790**	43,833
Software licenses		
Carrying value at beginning of the year	**-**	-
Additions	**38,972**	-
Disposals	**(8,000)**	-
Depreciation	**(1,177)**	-
Foreign exchange differences	**-**	-
Carrying value at the end of the year	**29,795**	-
Building improvements		
Carrying value at beginning of the year	**6,441**	5,821
Additions	**-**	-
Disposals	**-**	-
Depreciation	**(88)**	(611)
Foreign exchange differences	**(788)**	1,231
Carrying value at the end of the year	**5,565**	6,441

	CONSOLIDATED GROUP	
	2010	2009
Note 9: Plant and Equipment	$	$
Motor vehicles		
Carrying value at beginning of the year	**310,660**	302,849
Additions	**55,262**	107,884
Disposals	**-**	(98,484)
Depreciation	**(34,826)**	(62,802)
Foreign exchange differences	**(23,969)**	61,213
Carrying value at the end of the year	**307,127**	310,660
Equipment		
Carrying value at beginning of the year	**208,000**	84,393
Additions	**17,252**	120,185
Disposals	**-**	-
Depreciation	**(28,501)**	(36,805)
Foreign exchange differences	**(16,261)**	40,227
Carrying value at the end of the year	**180,490**	208,000
Boat		
Carrying value at beginning of the year	**1,112**	1,038
Additions	**-**	-
Disposals	**-**	-
Depreciation	**(388)**	(178)
Foreign exchange differences	**242**	252
Carrying value at the end of the year	**966**	1,112
Total		
Carrying value at beginning of the year	**594,467**	436,811
Additions	**119,787**	256,669
Disposals	**(8,000)**	(98,484)
Depreciation	**(75,313)**	(110,621)
Foreign exchange differences	**(53,228)**	110,092
Carrying value at the end of the year	**577,713**	594,467

	CONSOLIDATED GROUP	
	2010	2009
Note 10: Deferred Mining Costs	$	$
Exploration expenditure capitalised	**9,225,587**	3,692,316
	9,225,587	3,692,316

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 Tiara Coal Limited	**2,000**	2,000
	2,000	2,000

Note 12: Trade and Other Payables

CURRENT		
Trade payables	**399,385**	804,418
Payroll related payables	**654,479**	-
Other payables	**92,561**	-
	1,146,425	804,418

Note 13: Provisions

CURRENT		
Annual leave	**85,491**	139,497
Other employee benefits	**488,155**	-
	573,646	139,497
Opening balance	**137,329**	-
Raised during the year	**488,155**	137,329
Used during the year	**(51,838)**	-
	573,646	137,329

Notes to the Financial Statements

For the year ended 30 June 2010

Note 14: Issued Capital

	2010 $	2009 $
Ordinary shares		
256,739,196 (2009: 202,939,294) fully paid ordinary shares	**20,376,489**	13,565,836

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 2008	196,934,294	13,564,836
Shares issued during the year	6,000,000	1,000
Less transaction costs on share issue	-	-
Balance at 30 June 2009	202,934,294	13,565,836
Balance at 1 July 2009	202,934,294	13,565,836
Shares issued during the year	53,804,902	12,594,198
Less transaction costs on share issue	-	(1,316,386)
Balance at 30 June 2010	256,739,196	20,376,489

Capital Management

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

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

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

Note 15: Reserves

	2010 $	2009 $
Share option reserve	**9,098,687**	-
Foreign currency translation reserve	**(22,994)**	315,779
	9,075,693	315,779

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

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	
	2010	2009
a) Financial information	$	$
Loss for the year	9,401,512	-
Total comprehensive income	9,401,512	-
Current Assets	420,573	-
Total Assets	21,912,978	-
Current Liabilities	545,934	-
Total Liabilities	1,839,316	-
Shareholder's Equity		
Issued Capital	20,376,487	
Reserves	9,098,587	-
Accumulated Losses	(9,401,512)	-

NOTE 17: Financial Instruments

	Notes	2010	2009
Financial assets		$	$
Cash and cash equivalents	7	709,089	1,192,649
Available-for-sale financial assets:			
- At fair value			
- Unlisted investments		2,000	2,000
Total financial assets		711,089	1,194,649
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables		1,146,425	804,418
Total financial liabilities		1,136,754	804,418

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 credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2010.

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) Credit risk

Given the group does not hold trade debtors they are not exposed to credit risk.

b) Market risk and interest rate risk

The group does not hold any listed equity instruments or interest bearing liabilities and thus are not exposed to any market risk relating to interest rate risk

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 a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

	Within 1 Year		Total	
CONSOLIDATED GROUP	**2010**	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables (excluding est. annual leave)	1,136,753	804,418	1,136,753	804,418
Total expected outflows	1,136,753	804,418	1,136,753	804,418
Financial assets — cash flows realisable				
Cash and cash equivalents	709,089	1,192,649	709,089	1,192,649
Total expected inflows	709,089	1,192,649	709,089	1,192,649
Net (outflow)/inflow on financial instruments	427,664	388,231	427,664	388,231

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 18: Cash Flow Information	2010 $	2009 $
Reconciliation of cash flow from operations with profit/(loss) after income tax		
Profit/(Loss) after income tax	(10,403,939)	(3,617,503)
Non-cash flows in profit		
Depreciation	75,313	110,621
Impairment write downs	42,672	335,846
Share option expense	9,098,687	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(909,827)	315,361
Increase in other assets	-	54,330
(Decrease)/increase in trade and other creditors	(536,719)	717,380
(Decrease)/increase in provisions	391,477	139,497
Net cash flow (used in) operating activities	(2,242,336)	1,944,368
Reconciliation of acquisition in subsidiary		
Cash and cash equivalents	(211)	-
Tenement assets	1,750,515	-
Trade and other payables	(878,726)	-
Total assets at acquisition	871,578	-
Total identifiable assets at acquisition	871,578	-
Total identifiable assets at acquisition attributable to majority shareholders	871,578	-
Cash paid	211	-
Shares issued	(871,789)	-
Net cash outflow	-	-

NOTE 19: Related Party Transactions

Transactions with wholly owned entities

During the year ended 30 June 2010, the company lent an additional $1,731,588 to its wholly owned subsidiary as an interest free loan. The balance of the loan to its subsidiary as at 30 June 2010 is $6,515,002. The directors have considered the recoverability of this loan and have recognised $3,828,398 impairment provision against the carrying value. The loan will bear no interest until the subsidiary enters into the exploitation stage.

NOTE 20: Segment Reporting

The company operates predominantly mining exploration and development industry, predominantly within Cambodia and Laos.

NOTE 21: Controlled Entities

	Country of Incorporation	Percentage Owned	
Subsidiaries of Indochine Mining Limited:		**2010**	**2009**
Indochine Resources Limited	Australia	100%	-
Indochine Resources (Cambodia) Limited	Cambodia	100%	-
Asia Pacific Gold & Copper Company Limited	Australia	100%	-
Asia Pacific Gold & Copper (Cambodia) Limited	Cambodia	100%	-
Aries Mining Limited	Australia	100%	

NOTE 22: Commitments And Contingencies

	2010	**2009**
a) Employment related commitments	**$**	**$**
- not later than 12 months	215,400	1,520,768
- between 12 months and five years	1,640,493	7,344,131
	1,855,893	8,854,899
b) Operating lease commitments		
- not later than 12 months	-	102,667
- between 12 months and five years	-	30,833
	-	133,500

NOTE 23: Subsequent Events

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

Subsequent to year end the company raised $20,153,000 through IPO and by listing on the Australian Securities Exchange in December 2010. .

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 24: Company Details

The registered office and principal place of business of the company is:

Indochine Mining Limited
Suite 503, Level 5
2 Bligh Street
Sydney NSW 2000
Australia

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 38, 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 2010 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 2010

On behalf of the Directors

Ian Ross

Non Executive Chairman

Date: 11 February 2011

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indochine
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