INDOCHINE MINING LIMITED AND CONTROLLED ENTITIES
ACN 141 677 385

Interim Financial Report for the half-year ended 31 December 2012

INDOCHINE MINING LIMITED

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INDOCHINE MINING LIMITED AND CONTROLLED ENTITIES
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Contents

DIRECTORS' REPORT

Your Directors are pleased to submit the financial report of the consolidated group for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

Directors

The names of Directors who held office during or since the end of the interim and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Ian W Ross – Non- Executive Chairman
Gavan H Farley – Non- Executive Director
Stephen G Gemell – Non- Executive Director
John T Shaw - Non- Executive Director (Resigned: 28 November 2012)

Review of Operations

Indochine Mining Limited completed the Pre-Feasibility Study (PFS) on its Mt Kare Gold/Silver Project in PNG in less than 18 months from acquisition. The PFS demonstrated the viability of a high grade, low strip ratio, open cut gold mine with an initial mine life exceeding eight years.

The 2012 drilling programme at Mt Kare was completed in August 2012 with a total of 7,791 meters drilled in 58 diamond drill holes. Assays were encouraging and confirmed the potential of the project. The geological understanding of the resource zones has improved significantly.

Bonanza gold zones (quartz roscoelite zones) were identified for the first time that have an identical signature to similar high grade zones found in the adjoining world class Porgera gold mine. The recent focus of the drilling has been on bonanza gold zones.

The Landowner Investigation Study was completed with overwhelming support from local communites, regulators and relevant government bodies.

Exploration in Cambodia was focused on gold-copper mineralisation associated with-altered intrusives at the Kratie and Ratanakiri projects.

The aim of the Company is to expand the resource base, initially through targeting bonanza zones, and to advance the Mt Kare Gold/Silver Project through a feasibility study to permit mining lease applications. A Landowner Investigation Report is planned for completion to allow negotiations on local benefits sharing.

On a consolidated basis, the Company made a loss of $1,740,000 for the period (2011: loss $1,000,000). Net assets increased from $66,732,000 on 30 June 2012 to $85,008,000 on 31 December 2012.

Mt Kare Gold/Silver Project – Papua New Guinea

The 2012 drilling programme was comprised of 58 diamond drill holes (7791 metres), with results anticipated to enhance the resource quality. The drill programme was focused on ensuring a robust resource and geological model and to compare grade variability and density measurements with pre-Indochine drilling, as well as provide core for metallurgical work. Final assay results were returned in February 2013. An improved JORC mineral resource estimation will be announced when all assays have been assessed and the geological model updated.This will form the basis of the Feasibility Study (BFS) to follow.

The Pre-Feasibility Study (PFS) was completed at the end of September 2012 and released in summary form on 2 October 2012. A detailed report was presented to PNG's mines department (Mineral Resource Authority or MRA), Ministers for Mining and Environment, provincial governors and their teams, appropriate regulatiry bodies and local communities and land claimants. The completion of the PFS was a major milestone for the project, as investigations by previous companies working at Mt Kare did not reach this stage of advancement. The PFS was also desired by the MRA.

The PFS identified a number of positive factors, warranting the commencement of a Bankable Feasibility Study. The key outcomes of PFS, based on a number of assumptions, include:

- Forecast total production of 1 million ounces gold and 8 million ounces silver over 8 years.
- This scenario generates a cumulative revenue of US$2 Billion with operating costs of US$800 million, generating a pre-tax internal rate of return of 28% and payback period of 4 years based on a US$1650/oz gold price.
- The estimated establishment capital cost to cover mine construction to first production is US$218 million, which includes the processing plant (US$96 million), a power plant (US$15 million), and associated infrastructure, including a tailings storage facility (TSF).
- There is significant potential to optimise the project and reduce the estimated capital costs. The December 2011 JORC Mineral Resource of 28.3 million tonnes at 1.9g/t gold, 22.5g/t silver for 1.8 million ounces gold and 20 million ounces silver, with a higher grade zone of 700,000 ounces gold at 3.7g/t gold, has been used as a basis for the PFS. Of this, 15 million tonnes were incorporated into the mine and process schedule in the PFS.
- Planned exploration drilling outside of known mineralised zones, and to extend identified high grade zones, is anticipated to extend the potential mineral inventory.
- The preferred processing route is a crushing circuit targeted at 1.7 Mtpa, with Phase 1 of the Project to use CIL circuit leach tanks for treatment of the nearer surface "CIL amenable" resource in years 1-4. This is followed by a Phase 2 plant upgrade introducing sulphide flotation and treatment of the flotation concentrate for years 4-8 sourced from the WRZ and BZ "non CIL-amenable resources".
- Production is estimated to commence in 2015 with modelled output of 100,000 - 160,000 ounces of gold per annum at gold head grades averaging 2.5g/t and 700,000 – 1,100,000 ounces silver, with an average life of mine strip ratio of 3.8. The range in production varies with the head grade and mine scheduling / optimisation would potentially bring higher grades forward and smooth the annual production profile.
- Overall gold recoveries of 83-88% for both CIL and flotation processing routes.
- Fully contained land-based Tailings Storage Facility (TSF) located on site in a valley that is adjacent to the process plant location to last the Life-of-Mine (LOM), which is subject to PNG government approval.
- The schedule for lodgement of a mining licence application is by late 2013, following the completion of the BFS.

Bonanza gold zones (quartz-roscoelite mineralisation) have been identified at the Mt Kare Gold/Silver Project and are being targeted in drilling to enhance the economics of the project. The Bonanza Zone drilling programme is designed to determine the controls on the high grade gold mineralisation which represents 70% of the contained gold at Mt Kare. Results will help to define potential extensions or repetitions at depth and along strike, once the controls on mineralisation have been defined in this round of drilling. Mr Tony Burgess, the Company's experienced geological consultant, identified the bonanza gold zones, stating that they have an identical signature to the "bonanza" quartz roscoelite zones at the Porgera mine. Mr Burgess was previously the Senior Resource Geologist and Competent Person for resource definition at the adjoining world-class Porgera gold minewhere the Zone VII orebody contained 5.1 million ounces at 27 g/t in 5.8 million tonnes. Drilling commenced in December on two Bonanza gold zones in the BZ and WRZ Zones of the deposit. Ten close-spaced drill holes have been completed to define the character of the bonanza gold zone within the BZ Zoneand the south of the WRZ zone at Mt Kare.

The completed Landowner Investigation Study has been a key focus for the company to formally identify local landowners. Ground identification of claims will be conducted in the first half of 2013, leading to a completed Landowner Investigation Report under the auspices of the Land Act. This report then allows for full discussions to occur with landowners and the government on future benefits sharing when the project becomes a mining operation. Local communities and the government regulators have been overwhelmingly supportive of this process and it is being considered as a future guideline for unlocking the country's mineral wealth.

Cambodia

Indochine holds the largest package of exploration leases in Cambodia in two large project areas – Kratie and Ratanakiri - spanning approximately 4000km2. Cambodia has undergone very limited modern exploration and is within a region known for large gold and copper deposits.

Kratie

Drilling re-commenced on the Kratie North area around blind geophysical targets considered promising for intrusive related gold mineralisation. Further west, scout drilling had previously occurred around an expanded area of outcropping gold-in-quartz veins in intrusive rocks and a contact aureole over a 5km x 5km area. The prior drill results, although sub-economic, had indicated the potential for a large and significant body of gold mineralisation in the area. Considerable sulphides, as pyrite and pyrrhotite, had been intersected in the first of three drillholes over a chargeable IP anomaly in the eastern part of the Kratie North target, 5km west of any prior drilling. Buried intrusives were intersected, with sulphide mineralisation in skarns, hornfelsed sediments and intrusives at shallow depths.

Ratanakiri

Three areas with potential for porphyry copper-gold deposits and epithermal gold deposits, primarily in the Ratanakiri area have been prioritised.

Detailed soil and rock chip sampling, and geological and alteration mapping has shown elevated copper and gold values with potassic altered intrusives and high level epithermal alteration over large areas over 2 x 2km. This work has been supported by gold identified in pan concentrate sampling and BLEG sampling. Offers from other companies are being considered to work with Indochine in joint venture to progress these projects

Company Strategy

Planning is in place to conduct a full feasibility study during 2013, which will lead to the application for mining leases from the end of 2013, with the aim of potentially commencing production in 2015. Separately, Indochine aims to grow the resource, focussing initially on the bonanza grade zones, which could significantly increase the grade of the early years of production. A Landowner Investigation Report is planned for completion to allow negotiations on local benefits sharing.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Bird Cameron, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 11 and forms part of this Directors' report for the half-year ended 31 December 2012.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the Half-Yearly Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to S.306(3) of the Corporations Act 2001.

Ian Ross
Non - Executive Chairman
Date: 20 February 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated Group 31 December 2012 $'000	Consolidated Group 31 December 2011 $'000
Continuing operations		
Interest revenue	**35**	315
Other income	**-**	257
Total revenue	**35**	572
Expense		
Professional fees	**(88)**	(48)
Insurance	**27**	(21)
Employee benefits expense	**(696)**	(306)
Depreciation and amortisation	**(42)**	(68)
Travel	**(83)**	(116)
Consultants	**(277)**	(464)
Occupancy	**(80)**	(92)
Public relations	**(138)**	(59)
Administrative	**(395)**	(390)
Other expenses	**(3)**	(8)
Loss before income tax	**(1,740)**	(1,000)
Income tax benefit	**-**	-
Loss for the period	**(1,740)**	(1,000)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation reserve gains / (losses)	**(1,429)**	1,150
Other comprehensive income/(expense) for the period	**(1,429)**	1,150
Total comprehensive profit / (loss) for period*	**(3,169)**	150

*There are no non-controlling interests in Indochine Mining Limited and its controlled entities

Earnings per share		
From continuing operations		
- Basic earnings per share	**(0.27)**	(0.21)
- Diluted earnings per share	**(0.27)**	(0.21)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2012

	Notes	Consolidated Group As at 31 December 2012 $'000	As at 30 June 2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**3,309**	1,808
Trade and other receivables		**782**	641
Total current assets		**4,091**	2,449
Non-current assets			
Plant and equipment	10	**1,751**	2,345
Exploration and evaluation cost capitalised	4, 10	**81,204**	67,409
Other financial assets		**2**	2
Total non-current assets		**82,957**	69,756
TOTAL ASSETS		**87,048**	72,205
LIABILITIES			
Current liabilities			
Trade and other payables		**1,976**	5,235
Provisions		**64**	238
Total current liabilities		**2,040**	5,473
TOTAL LIABILITIES		**2,040**	5,473
NET ASSETS		**85,008**	66,732
EQUITY			
Issued capital	5	**102,132**	80,687
Reserves	6	**10,119**	11,548
Accumulated losses		**(27,243)**	(25,503)
TOTAL EQUITY		**85,008**	66,732

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Contributed Equity $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
At 1 July 2011	55,880	(24,521)	10,499	41,858
Loss attributable to members of the parent entity	-	(1,000)	-	(1,000)
Shares issued during the year	17,000	-	-	17,000
Movements in foreign currency translation reserves	-	-	1,150	1,150
At 31 December 2011	72,880	(25,521)	11,649	59,008
At 1 July 2012	**80,687**	**(25,503)**	**11,548**	**66,732**
Loss attributable to members of the parent entity	**-**	**(1,740)**	**-**	**(1,740)**
Shares issued during the year	**21,445**	**-**	**-**	**21,445**
Movements in foreign currency translation reserves	**-**	**-**	**(1,429)**	**(1,429)**
At 31 December 2012	**102,132**	**(27,243)**	**10,119**	**85,008**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated Group 31 December 2012 $'000	Consolidated Group 31 December 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(1,275)**	(1,560)
Interest received	**26**	315
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(1,249)**	(1,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	**(18,632)**	(10,853)
Acquisition of plant and equipment	**(54)**	(131)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(18,686)**	(10,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	**23,022**	-
Payment of share issue costs	**(1,577)**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**21,445**	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,510**	(12,229)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,808**	22,398
Foreign exchange translation difference	**(9)**	221
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,309**	10,390

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

Basis of preparation
The interim financial report is intended to provide users with an update on the latest annual financial statements of Indochine Mining Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

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

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

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 $81,204,448.

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.

Expiry of licences
The Group holds exploration licences in Cambodia which will require extension to be retained by the Group. Management are in the process of lodging applications to extend all of these licences. However, it is possible that extension may not be granted for any / all licences, and in that event an impairment charge would be required in the consolidated statement of profit or loss and comprehensive income. The licence extension is not likely to occur during the current financial year. Management and the Board have therefore exercised their judgement and assumed that IML will retain an interest in all licences, and consequently, no impairment is required for the period ending 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised accounting requirements applicable to the current half-year reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards (the AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 "Amendments to Australian Accounting Standards – Presentation of items of Other Comprehensive Income".

The adoption of all the new and revised Standards and interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statements of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: a) items that will not be reclassified subsequently to profit or loss and b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTE 2: PROFIT FOR THE PERIOD

	31.12.2012 $'000	31.12.2011 $'000
The following revenue and expense items are relevant in explaining the financial performance for the interim period		
Depreciation and amortisation	42	68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 3: OPERATING SEGMENTS

Geographical segments

	Australia $'000	Cambodia $'000	PNG $'000	Total $'000
31 December 2012				
Segment revenue	**33**	**2**	**-**	**35**
Segment expenses	**1,275**	**500**	**-**	**1,775**
Segment loss	**1,242**	**498**	**-**	**1,740**
Segment assets	**3,755**	**15,478**	**67,815**	**87,048**
Segment liabilities	**593**	**35**	**1,412**	**2,040**

Geographical segments

	Australia $'000	Cambodia $'000	PNG $'000	Total $'000
31 December 2011				
Segment revenue	**572**	**-**	**-**	**572**
Segment expenses	**(1,164)**	**(408)**	**-**	**(1,572)**
Segment loss	**(592)**	**(408)**	**-**	**(1,000)**
Segment assets	**10,613**	**13,521**	**37,926**	**62,060**
Segment liabilities	**(738)**	**(171)**	**(2,143)**	**(3,052)**

NOTE 4: EVALUATION AND EXPLORATION COSTS CAPITALISED

	31.12.2012 $'000	30.6.2012 $'000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation expenditure – at cost		
Cambodia	**14,924**	13,661
PNG	**66,280**	55,187
PNG reclassified to plant and equipment (refer note 10)	**-**	(1,839)
Total	**81,204**	67,409

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 5: ISSUED CAPITAL

	31.12.2012 No.	30.6.2012 No.
Ordinary shares		
Issued and fully paid	722,483,322	546,333,324

	No.	$'000
Issued Capital 1 July 2012	546,333,324	80,687
Movements in ordinary shares on issue		
During 1 July 2012 to 31 December 2012	176,149,998	21,445
At 31 December 2012	**722,483,322**	**102,132**

NOTE 6: SHARE OPTIONS AND RESERVES

	No.	$'000
Movements in options over ordinary shares on issue		
At 1 July 2012	75,230,000	11,548
Options expired	(6,080,000)	-
Increase in FX Reserve	-	(1,429)
At 31 December 2012	**69,150,000**	**10,119**

NOTE 7: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 8: CONTINGENT LIABILITIES

There have been no changes in the commitments or contingencies as outlined in the 30 June 2012 annual report.

NOTE 9: EVENTS AFTER THE END OF THE INTERIM PERIOD

No material subsequent events have occurred since the half year ended 31 December 2012.

NOTE 10: PRIOR PERIOD ADJUSTMENT

The Company has incurred significant expenditure with regards to the establishment of camp infrastructure in PNG. The classification of such expenditure was not definitive and required some judgement to be exercised by management and the Board. After due consideration, it was concluded that camp infrastructure would be better categorised as property, plant and equipment, and consequently all the expenditure in relation to camp infrastructure was reclassified from capitalised exploration costs to property, plant and equipment.

The prior period has been corrected by restating the affected financial statement line items for the prior periods as follows:

	30 June 2012 $'000	Change $'000	30 June 2012 (restated) $'000
Balance sheet (extract)			
Plant and equipment	506	1,839	2,345
Exploration and evaluation cost capitalised	69,248	(1,839)	67,409

The prior period adjustment has had no impact on the consolidated statement of profit or loss and other comprehensive income.

Directors' Declaration

The Directors of the Company declare that, in the opinion of the directors:

(a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting;* and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to S.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Ian Ross
Non Executive Chairman
Date: 20 February 2013

RSM Bird Cameron Partners

RSM Bird Cameron Partners
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GPO Box 5138 Sydney NSW 2001
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indochine Mining Limited for the half year ended 31 December 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 review; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Sherwood GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 20 February 2013

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 REVIEW REPORT

TO THE MEMBERS OF

INDOCHINE MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Indochine Mining Limited which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indochine Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Indochine Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Indochine Mining Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

G Sherwood GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 20 February 2013