India Resources Limited

ABN 77 121 339 704

DIRECTORS' AND FINANCIAL REPORT

30 JUNE 2014

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Andrew Simpson	Chairman
Arvind Misra	Managing Director
David Humann	Non-executive Director

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE

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AUDITORS

BDO Audit (WA) Pty Ltd

SOLICITORS

Allion Legal Pty Ltd

BANKERS

National Australia Bank Limited
Axis Bank

STOCK EXCHANGE LISTING

Shares in India Resources Limited are quoted on ASX Limited.
ASX code: IRL

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This financial report covers the consolidated entity of India Resources Limited and its controlled entities (the Group).

The financial report is presented in Australian dollars.

India Resources Limited is a company limited by shares and is incorporated and domiciled in Australia.

DIRECTORS' REPORT

The Directors of India Resources Limited (Company) present their report together with the financial report of the Group (consisting of the Company and its controlled entities, referred to hereafter as the Group) for the financial year ended 30 June 2014.

DIRECTORS

The names of the Directors of the Company in office during the course of the financial year and up to the date of this report are as follows:

Andrew Simpson	(Non Executive Chairman)
Arvind Misra	(Managing Director)
David Humann	(Non Executive)

Unless otherwise indicated, all Directors held their position as a director throughout the entire financial year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group during the financial year were copper mining and mineral exploration.

RESULTS OF OPERATIONS

The net loss of the Group after provision for income tax for the year ended 30 June 2014 was $2,273,000 (2013: $785,000). Group EBITDA for the year was a loss of $1,163,000 (2013: profit of $933,000).

The loss includes exploration expenditure written off of $929,000 in relation to the Bonai Iron Ore Project, and does not include $2M that the Company expects to receive from Hindustan Copper Limited (HCL) in relation to the Arbitration Award won in August 2013 and other well advanced claims made by the Company for fixed costs in relation to the plant closures in 2012/13 and 2013/14 due to the consent to operate limits imposed on HCL's mining license.

REVIEW OF OPERATIONS

During the year, the Group continued its copper mining and other exploration and development activities in India. Copper in concentrate production at the Surda mine for the year was 3,428 tonnes, a similar result to last year's 3,283. The mine actually produced the equivalent copper metal in concentrate of 3,850 tonnes, but due to the consent to operate production limits some of this ore material remained in stockpiles awaiting processing at the end of the financial year. During the year, production levels achieved were above the cash flow break-even level for the mine after capital expenditure requirements. The very good safety performance continued.

On the development front, the final Conditions Precedent for the Group's four year sub-contracting project with Shriram EPC Limited for the Surda Expansion Project were finalised. The IRL led consortium with Kopex was issued the Letter of Intent from HCL to award the Rakha copper project, but the contract signing has been delayed until HCL is awarded its renewal of the mining licence from the Jharkhand state Government. The Group has been granted an extension of its operations at Surda to the later of March 2017, or the completion of the Surda Expansion Project. The possible gross future income to be derived from carrying out these projects is estimated to be $132 million.

During the year the Group continued to progress its long standing legal dispute with HCL as to whether the Surda Operations contract should be inclusive or exclusive of taxation, however subsequent to year end this case was decided against IRL. The Company continues to consider its options in relation to this case, which include another appeal to the Supreme Court of India. Other claims are progressing, with $0.55M paid in the March quarter 2014 and $0.12M paid in the June 2014 quarter which related to the Arbitration Award. The Arbitration Award for material escalation (estimated at 73M INR or $1.34M AUD), and the refund of two years liquidated damage payments (15M INR or $0.27M AUD) based on the Arbitrator's decision, are expected to be considered by the HCL Board in the near future. The Group expects to receive these payments as the limitation period has expired and HCL has not challenged the Award.

Exploration activities during the year included further work on securing ground for various projects, especially the Aravalli base metals project.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2013: Nil).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During the course of the next financial year the Group has continued its copper mining and expansion work at the Surda copper mine, however subsequent to year end both projects have been halted by a stop work instruction from HCL. This instruction impacts many mines in the State of Jharkhand, and whilst it cannot be known when this instruction will be lifted every effort is being made by many affected parties to enable mining to recommence.

The Group will continue to seek to sign a contract for the Rakha copper project and commence this work. It will also continue its mineral exploration and development activities in India, and consider other resource projects in which the Group may participate.

The Group is considering its options regarding its loss in the Supreme Court of India. It will continue to pursue several other large legal claims with HCL, and it remains confident that some of these will be resolved in its favour in the immediate future.

In the opinion of the Directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

OPTIONS GRANTED OVER UNISSUED SHARES

At reporting date, 35,013,066 (2013: 50,663,066) ordinary fully paid shares which are subject to options were unissued.

The options are granted over fully paid shares and are exercisable:

	Number
- at 2.5 cents each on or before 31 December 2014	25,013,066
- at 6.0 cents each on or before 30 November 2015	2,000,000
- at 10.0 cents each on or before 30 November 2015	2,000,000
- at 0.25 cents each on or before 31 December 2017	6,000,000
	35,013,066

Details of options issued and exercised during the financial year are contained in Note 16 to the financial report.

No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of the Company or any other corporation.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the Group during the financial year were as follows:

(a) In July 2013 IRL and its consortium partner, Kopex PBSz, were issued a Letter of Intent by Hindustan Copper Limited (HCL) to award them the contract for the Rakha Copper Project.

(b) During the financial year an Arbitrator awarded three of our four claims against HCL in favour of IRL. At that time these claims were estimated to be worth $1.154M, noting that the claim for material escalation continues to grow each month.

(c) In March 2014 the Group received 30M INR ($0.55M AUD) from Hindustan Copper Limited being a part payment of the total amount awarded to IRL by an Arbitrator against HCL.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Significant events which have occurred subsequent to the end of the financial year were as follows:

(a) In August 2014 the Company signed a placement agreement with Resources Capital Fund VI L.P. (RCF) to issue up to 200 million fully paid ordinary shares at $0.008 each to raise $1.6 million (before costs). The issue is to be completed in two tranches; the first tranche of 73,897,694 shares to raise $591,182 was subject to IRL entering into a legally binding term sheet with Noble Resources International Pty Ltd (Noble) for the issue of 90 million shares at a deemed issue price of $0.008 per share to extinguish the loan payable to Noble of $0.72M. The second tranche of up to 126,102,306 shares to raise up to an additional $1,008,818 is subject to shareholder approval and limited so that RCF's voting power in the Company does not exceed 19.9%

(b) In September 2014 the Company entered into a placement agreement with Noble for the issue of 90 million shares at a deemed issue price of $0.008 per Share to extinguish the secured loan of $0.72 million. In accordance with the Loan Repayment Agreement 72.8 million shares were issued as partial repayment of $582,400 from the loan. The balance of the loan of $137,600 will be satisfied by the issue of a further 17.2 million shares to be issued contemporaneously with the completion of the second tranche of the share placement with RCF which remains subject to the approval of shareholders.

(c) In September 2014 the Company issued and allotted 73,897,694 fully paid ordinary shares to RCF at an issue price of $0.008 per share to raise $591,182 (before costs).

(d) In September 2014 IRL received an instruction from Hindustan Copper Limited (HCL) to stop non-essential production and development operations at the Surda mine site. The instruction is understood to affect a number of mines, and is a result of the Jharkhand State Government (JSG) enforcing recent amendments to the mineral concession rules regarding mines that continue to await the renewal of their mining licence. Whilst it cannot be known how long the Stop Work Notice will remain in effect, it is noted that the closure of the mines is having a significant detrimental economic effect on the Jharkhand economy. The closures impact a number of organisations, including significantly large enterprises and Indian government enterprises. This is creating financial, political and social pressure on the JSG to bring about a solution to enable the mines to recommence production.

    In response to the Stop Work Notice, HCL has filed a Writ Petition (WP) requesting stay of the order issued by the JSG. As an affected party, the Company has filed an Interlocutory Application in support of HCL's WP. Other large companies are filing similar WPs. HCL is also pursuing the renewal of the Surda mining lease with the JSG, and it is understood that the JSG cabinet is will be meeting to consider the issue. This cabinet has the power to allow the resumption of operations.

    During the stoppage the majority of IRL's workforce has been placed on an official No Work No Pay notice. Approximately 25% of its workforce is engaged in care and maintenance work, including essential maintenance of the shaft systems and their machineries. IRL is also cleaning up the mine by removing saleable scrap from underground. These actions will make the mine safer and more efficient when normal operations resume.

    IRL has requested HCL to reimburse its costs for the period during which the Stop Work Notice remained effective, noting that HCL is responsible for the mining lease and that it pays care and maintenance to other mines in similar circumstances.

(e) In September 2014 IRL lost its case in the Supreme Court of India regarding HCL's treatment of the contract price under the Surda work order as if it was inclusive of taxes and levies.

INFORMATION ON DIRECTORS

Director	Qualifications, experience and special responsibilities
Andrew V Simpson Non-Executive Chairman	Grad. Dip. Bus. (Curtin) MAICD A Director since August 2006 and Chairman since February 2008. Mr Simpson is a senior corporate executive with extensive business development and global marketing experience in the resource and mining industry, including more than 30 years in international marketing and distribution of minerals and metals. He is a professional Company Director and also the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson is Chairman of the remuneration committee. Other current Directorships: Swick Mining Services Limited (since October 2006) and Vital Metals Limited (since February 2005). Former Directorships in the last three years: Kaboko Mining Limited (resigned November 2013), Territory Resources Limited (resigned December 2013) and Blackwood Corporation (previously Matilda Minerals Limited) (resigned December 2013).
Arvind Misra Managing Director	B.Tech.(Mining Engineering), B.Comp.Studies, MAusIMM, MAICD A Director since February 2008 and Managing Director from April 2009. Mr Misra is a Mining Engineer with over 20 years experience in the resources industry with extensive skills in business improvement and project mine management. Mr Misra has worked in various companies covering all aspects of underground and open pit mining in various regions covering Australia, Africa and India. He previously established a contracting company, Aranak Pty Ltd and consulted on numerous high profile projects for BHP, Mitsubishi, Alliance, LionOre and Griffin Coal. Mr Misra is contracted to perform the duties of Managing Director through a consultancy agreement between Aranak Pty Ltd and the Company. Mr Misra has not held Directorships in any other listed companies in the last 3 years.
David J Humann Non-Executive Director	FCA FCPA FAICD Mr Humann was previously a Director of the Company between April 2007 and July 2008. He was reappointed in July 2010. Mr Humann is a Fellow of the Institute of Chartered Accountants, a Fellow of the Institute of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors. He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China firm) from 1986 until 1995. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the global firms' World Executive Management Committee based in London, and New York. He was formerly a member of the Australian and New Zealand Firms' Executive Policy Committee. Mr Humann is Chairman of the audit committee. Other current Directorships: Non-executive Chairman of Mincor Resources NL. Former Directorships in the last three years: Logicamms (resigned 2011); Exxaro Australia/Sands (2005 – 2012); (Advanced Braking Technologies Ltd (2006 – 2013).

INFORMATION ON COMPANY SECRETARY

Frank Campagna	B.Bus (Acc) CPA Company Secretary since August 2006. Mr Campagna is a Certified Practicing Accountant with over 25 years experience as Company Secretary, Financial Controller and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Details of Directors' interests in the securities of the Company as at the date of this report are as follows:

Director	Fully paid shares	Unlisted options
A Simpson	13,000,000	-
A Misra	19,012,773	6,000,000
D Humann	10,000,000	-

MEETINGS OF DIRECTORS

There were five board meetings, three audit committee meetings and one remuneration committee meetings during the year. The number of meetings attended by each Director was as follows:

	Board meetings		Audit committee		Remuneration committee	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
A Simpson	5	5	3	3	1	1
A Misra	5	5	*	*	*	*
D Humann	5	5	3	3	1	1

* Not a member of this committee.

REMUNERATION REPORT (AUDITED)

This report sets out the remuneration arrangements in place for Directors and key management personnel of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Directors' and executives' remuneration

Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the remuneration committee meets, both formally and informally, to consider remuneration policies and practices generally and determines specific remuneration packages and other terms of employment for executive Directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed by the remuneration committee having regard to performance, relevant comparative information and expert advice.

The Company's remuneration policy for executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Executive Directors receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

The Company's remuneration policies are designed to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy include:

- reward reflects the competitive market in which the Group operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The structure of remuneration packages for executive Directors and other senior executives comprises:

- a fixed sum base salary payable monthly in cash;
- short term incentives, through eligibility to participate in performance bonus plans and cash bonuses;
- long term incentives through executive Directors being eligible to participate in the share option plan as approved by shareholders. Senior executives may also participate in the employee share option plan, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders; and
- other benefits, including participation in superannuation schemes.

The proportion of fixed and variable remuneration is established for each executive by the remuneration committee. The objective of any short term incentives is to link the achievement of the Group's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth. The Group's activities comprise the exploration, evaluation and development of mineral tenements aimed at identifying economic mineral deposits capable of development. The Group's financial performance reflects the nature of these ongoing activities.

The payment of bonuses, share options and other incentive payments are reviewed by the Board as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The annual performance objectives are the means by which the Company links Company performance and remuneration policy. Having regard to the current stage of the Group's development, the linking of remuneration policy to production performance milestones and progress rather than earnings is considered the most appropriate method of rewarding relevant senior executives. These principles are expected to continue to provide appropriate incentives for key management personnel.

Non-executive Directors' remuneration
In accordance with current corporate governance practices, the structure for the remuneration of non-executive Directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive Directors, with the current approved limit being $500,000. The Board determines the actual payments to Directors. The Board approves any consultancy arrangements for non-executive Directors who provide services outside of and in addition to their duties as non-executive Directors.

Non-executive Directors are entitled to statutory superannuation benefits. At this stage of the Company's development, non-executive Directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders. All Directors are entitled to have their indemnity insurance paid by the Company.

During the financial year ended 30 June 2014 the company did not engage remuneration consultants.

Details of remuneration
The following table discloses details of the nature and amount of each element of the remuneration of the Directors and key management personnel of the Group and the Company.

(a) Details of key management personnel

Name	***Position***
Arvind Misra	Managing Director
Andrew Simpson	Chairman (Non Executive)
David Humann	Director (Non Executive)
Michael Muhling	Group Commercial Manager

(b) Compensation of key management personnel

Remuneration by category	**2014** **$**	**2013** **$**
Key management personnel		
Short-term	892,055	778,114
Post-employment	5,550	5,513
Long Term Benefits	36,951	40,065
Share-based payment	-	85,000
	934,556	908,692

2014	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees $	Cash bonus (b) $	Super-annuation $	Annual and long service leave (c) $	Options $	Shares $	Total $	Perfor-mance Related %
Directors								
Executive Director								
A Misra (a)	400,000	191,667	-	49,779	-	-	641,446	29.9%
Non-executive Directors								
A Simpson (a)	60,000	-	5,550	-	-	-	65,550	-
D Humann (a)	43,600	-	-	-	-	-	43,600	-
Other executives								
M Muhling	196,788	-	-	(12,828)	-	-	183,960	-
Total	700,388	191,667	5,550	36,951	-	-	934,556	20.5%

(a) The remuneration report has been prepared on an accruals basis. The total amount payable to directors for remuneration at 30 June 2014 amounted to $0.88M. On a cash basis Mr Misra was paid $336,000 during the year.

(b) Cash bonuses provided for by the Company for Mr Misra in respect of the Key Performance Targets during the 2014 year were as follows:

a. Mr Misra earned $41,667 cash bonus, and another $50,000 has been accrued, in relation to the 2012/13 financial year. Previously earned $41,667 of the potential $183,333 had been approved by the Board. The amount of $41,667 was earned in consideration of commercial success with regards to negotiations with the Surda Operations, Surda Expansion and Rakha contracts. $50,000 was accrued of the potential $50,000 per annum cash bonus relating to the June 2013 quarter as processing exceeded 1,050T MIC and with regards to the commencement of the Surda Expansion project, the signing of the Rakha LOI and settlement of Surda bonus and Binani court case.

b. Mr Misra earned $50,000 of the potential $50,000 cash bonus for the September 2013 quarter for exceeding production equivalent to 1,050T MIC.

c. Mr Misra earned $50,000 of the potential $50,000 cash bonus for the December 2013 quarter. $25,000 was approved for exceeding production equivalent to 975T MIC, with an additional $25,000 approved for various matters including progression of the Surda Expansion project, arbitration negotiations and progress with the Aravalli project.

d. The Board is yet to consider Mr Misra's bonus for the March and June 2014 quarters.

(c) Mr Misra's long term benefits include a provision for statutory long service leave which has been adjusted to fair value. The total amount of leave provided for Mr Misra at 30 June 2014 was $217,140.

2013	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees $	Cash bonus (d) $	Super-annuation $	Annual and long service leave (e) $	Options $	Shares (f) $	Total $	Perfor-mance Related %
Directors								
Executive Director								
A Misra (a)	383,333	116,667	-	34,028	-	25,000	559,028	20.9%
Non-executive Directors								
A Simpson (a)	36,250	-	5,513	-	-	25,000	66,763	-
C Readhead (b)	8,333	-	-	-	-	-	8,333	-
D Humann (a)	9,508	-	-	-	-	35,000	44,508	-
Other executives								
D Cockcroft (c)	27,823	-	-	-	-	-	27,823	-
M Muhling	196,200	-	-	6,037	-	-	202,237	-
Total	661,447	116,667	5,513	40,065	-	85,000	908,692	12.8%

(a) The remuneration report has been prepared on an accruals basis. The total amount payable to directors for remuneration at 30 June 2013 amounted to just over $0.4M. On a cash basis Mr Misra was paid $391,667 excluding GST during the year for his services.

(b) Mr C Readhead resigned as a director on 29 August 2012.

(c) Mr D Cockroft ceased employment on 3 August 2012.

(d) Cash bonuses determined to be payable to Mr Misra during the 2013 year were as follows:

   a. Mr Misra earned $41,667 of the potential $183,333 per annum cash bonus relating to the 2012/13 financial year payable on a quarterly basis based in accordance with agreed key performance indicators. Mr Misra earned $16,667 for exceeding 975T MIC equivalent tonnes mined in the September 2012 quarter (bonus applicable to August and September only), and $25,000 for exceeding 975T MIC equivalent tonnes mined in the March quarter 2013.
   b. Mr Misra earned $25,000 of the potential $100,000 per annum cash bonus for the 2011/12 financial year in accordance for exceeding 975T MIC in the June 2012 quarter
   c. Mr Misra earned $50,000 of the potential $50,000 for the period August 2010 to February 2011 by exceeding agreed contract hours, and achieving several agreed production and corporate objectives.

(e) Long term benefits of annual leave accrued were not included in the 2013 report. They have been included in the 2014 remuneration table and added to the 2013 table for comparative purposes.

(f) Shares were issued in lieu of fees in accordance with a resolution of shareholders at the Extraordinary General Meeting held on 3 August 2012.

All of the Directors and key management personnel, in the above and below tables, work for the Company.

Compensation options: granted and vested during the year

No options were issued to directors or officers during the year ended 30 June 2014 or 30 June 2013.

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Options granted as part of remuneration

Information on any benefits received by Directors of the Company by reason of a contract made by the Group with a Director or a Director-related entity is contained in Note 17 of the financial report.

Service agreements

The terms of employment for executive Directors and key management personnel are formalised in service agreements. Major provisions of the agreements relating to duration and termination are set out below.

Andrew Simpson – Non-Executive Chairman
Term of agreement: No fixed term.
Remuneration: At the date of this report his director fee is $65,700 (2013: $60,000 plus superannuation) per annum payable to Resources and Technology Marketing Services Pty Ltd.
Termination provisions: None.

Arvind Misra – Managing Director
Term of agreement: No fixed term.
Remuneration: At the date of this report, the current consulting fee payable to Aranak Pty Ltd is $400,000 (2013: $400,000) per annum. Mr Misra is also entitled to a performance bonus of up to 50% of base remuneration (2013: 50% of base remuneration) dependent upon achievement of pre-determined performance targets.
Termination provisions: The agreement can be terminated by the Company upon giving six months' notice and by Mr Misra giving three months' notice.

David Humann – Non-Executive Director
Term of agreement: No fixed term.
Remuneration: At the date of this report his director fee is $43,600 (2013: $43,600) payable to James Anne Holdings Pty Ltd.
Termination provisions: None.

Michael Muhling – Group Commercial Manager
Term of agreement: No fixed term.
Remuneration: At the date of this report, the current consulting fee payable to Aurum Corporate Pty Ltd is $215,820 per annum (2013: $196,200). There is no entitlement to an incentive or bonus payment.
Termination provisions: The agreement can be terminated by the Company upon giving three months' notice and by Mr Muhling by giving two month's notice.

Share-based compensation

Directors, employees and consultants may be eligible to participate in equity based compensation schemes. An employee share option scheme has been adopted by the Board of the Company. The primary purposes of the scheme are to increase motivation, promote retention, align interests with those of the Company and its shareholders and to reward contribution to the growth of the Company. The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

(c) Option holdings of key management personnel (*Options in India Resources Limited - number)*

2014	**Balance at 1 July 2013 or at date of appointment**	**Granted as remuneration**	**Options lapsed**	**Other changes**	**Balance at 30 June 2014 or at date of resignation**	**Balance vested and exercisable at 30 June 2014**
A Simpson	1,250,000	-	1,250,000	-	-	-
A Misra	7,500,000	-	1,500,000	-	6,000,000	6,000,000
D Humann	750,000	-	750,000	-	-	-
M Muhling	-	-	-	-	-	-
Total	9,500,000	-	3,500,000	-	6,000,000	6,000,000

18. KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings of key management personnel *(Shares in India Resources Limited - number)*

2014	Balance at 1 July 2013 or at date of appointment	Granted during the year as remuneration	On market purchases	Balance at 30 June 2014 or at date of resignation
A Simpson	8,000,000	-	5,000,000	13,000,000
A Misra	18,012,773	-	1,000,000	19,012,773
D Humann	10,000,000	-	-	10,000,000
M Muhling	1,000,000	-	5,000,000	6,000,000
Total	37,012,773	-	11,000,000	48,012,773

Except for equity issued as part of remuneration, all equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(e) Other transactions with Directors

The following transactions occurred during the year between the Group and Directors or their director-related entities:

(i) The Company incurred $164,413 (2013: $32,151) in consulting and contract services with Aranak Pty Ltd, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2014 $465,195 (2013: $277,033) was payable to Aranak Pty Ltd (excluding leave provisions).

(ii) At 30 June 2014 $125,500 (2013: $89,762) was payable to Mr Andrew Simpson, the non-executive Chairman, for outstanding director fees.

(iii) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2014 $71,941 (2013: $35,970) was payable to James Anne Holdings Pty Ltd. $2,241 was payable at 30 June 2014 to Mr David Humann (2013: Nil).

Bonuses

Bonuses reported as income for Mr Misra during the financial year were as follows:

Quarter	Potential Bonus	Earned previously	Earned 2014	Total Earned	2014 Paid
2013 FY					
Sept 2012	33,333	16,667	16,667	33,334	-
Dec 2012	50,000	-	-	-	-
March 2013	50,000	25,000	25,000	50,000	-
June 2013	50,000	-	50,000	50,000	-
2014 FY					
Sept 2013	50,000	-	50,000	50,000	-
Dec 2013	50,000	-	50,000	50,000	-
March 2014	50,000	-	Yet to be considered		-
June 2014	50,000	-	Yet to be considered		-
TOTAL	**383,333**	**41,667**	**191,667**	**233,334**	**-**

A further $50,000 in bonuses earned in prior years is yet to be paid to Mr Misra.

2013 Annual General Meeting
During the year, more than 99% of eligible, voting shareholders supported the Company's Remuneration report at the 2013 Annual General Meeting (AGM).

KEY MANAGEMENT PERSONNEL (continued)

(f) Other transactions with Directors (continued)

Compensation options: granted and vested during the year

During the financial year and the 2013 financial year, no options were granted or vested as equity compensation benefits.

Shares issued on exercise of compensation options

No compensation options were exercised during the financial year ended 30 June 2014 (2013: Nil). The following compensation options expired during the financial year ended 30 June 2014 (2013:Nil).

Directors	Number	Exercise price per option ($)	Expiry date
A Simpson	1,250,000	0.07	30 June 2014
A Misra	1,500,000	0.07	30 June 2014
D Humann	750,000	0.07	30 June 2014

Employee option plan and share purchase plan

The establishment of the Company Employee Share Option Plan and Share Purchase Plan was approved by shareholders on 17 May 2007. The plans are designed to provide long term incentives to senior management and employees to deliver long term shareholder returns.

Any option issues are made in accordance with thresholds set in plans approved by shareholders. Options are granted under the plan for no consideration and carry no dividend or voting rights.

No loans have been provided to Key Management Personnel, and there are no other transactions with Key Management Personnel other than those identified in this report.

End of the audited remuneration report.

Insurance of officers

During the financial year, the Company paid premiums of $21,476 (2013: $27,606) to insure the Directors and other officers of the Group. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has entered into indemnity agreements with each of the Directors and officers of the Company. Under the agreements, the Company will indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

NON-AUDIT SERVICES

During the year, the Company's Indian external auditors, Haribhakti & Co., provided other services in addition to its statutory audit function. Non-audit services provided by the external auditors comprise $1,770 (2013: $13,650) for taxation advisory services. These services were not provided by the head auditor, BDO Audit (WA) Pty Ltd. Further details of remuneration of the auditors are set out in Note 18.

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance guidelines adopted by the Company;
- all non-audit services have been reviewed by the Board to ensure that they do not impact the impartiality and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting and Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included immediately following the Directors' Report and forms part of the Directors' Report.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its mining and mineral exploration activities. These obligations are regulated under relevant government authorities within India. The Group is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Company by any government agency during the financial year ended 30 June 2014.

ROUNDING

The amounts contained in the Directors' Report and financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors

A Misra
Managing Director

Perth, Western Australia
30 September 2014

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF INDIA RESOURCES LIMITED

As lead auditor of India Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of India Resources Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2014

INDIA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Revenue			
Revenue from operations	3(a)	11,847	10,091
Gain on payment of receivable		-	795
Expenses			
Production costs		(11,337)	(8,895)
Employees and directors – remuneration expenses	3(b)	(507)	(383)
Employees and directors – share based payment expenses		(4)	(1)
Corporate and administrative expenses	3(d)	(233)	(439)
Depreciation and amortisation	3(c)	(787)	(1,273)
Finance costs		(323)	(445)
Provision for doubtful debts		-	(14)
Change in fair value of investments		-	(96)
Exploration and evaluation costs written off	12	(929)	(125)
(Loss) before income tax expense		(2,273)	(785)
Income tax expense	4	-	-
(Loss) after income tax		(2,273)	(785)
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	16	(343)	366
Other comprehensive income / (loss) for the year, net of tax		(343)	366
Total comprehensive (loss) for the year		(2,616)	(419)
(Loss) is attributable to:			
Shareholders of India Resources Limited		(2,273)	(785)
Total comprehensive (loss) for the year is attributable to:			
Shareholders of India Resources Limited		(2,616)	(419)
(Loss) per share for the year attributable to the members of India Resources Limited			
Basic and diluted (loss) per share (cents per share)	20	(0.3)	(0.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	5,26	152	174
Trade and other receivables	6	2,158	2,638
Inventory	7	1,739	1,587
Prepayments	8	403	343
Other financial assets	9	-	-
Total Current Assets		**4,452**	**4,742**
Non-Current Assets			
Other financial assets	9	163	114
Plant and equipment	10	4,450	3,970
Mine development	11	4	835
Deferred exploration expenditure	12	3,518	4,456
Total Non-Current Assets		**8,135**	**9,375**
TOTAL ASSETS		**12,587**	**14,117**
Current Liabilities			
Trade and other payables	13	5,816	4,131
Borrowings	14	2,413	2,975
Total Current Liabilities		**8,229**	**7,106**
Non-Current Liabilities			
Trade and other payables	13	324	365
Total Non-Current Liabilities		**324**	**365**
TOTAL LIABILITIES		**8,553**	**7,471**
NET ASSETS		**4,034**	**6,646**
Equity			
Contributed equity	16	38,079	38,079
Accumulated losses		(31,896)	(29,765)
Reserves	17	(2,149)	(1,668)
TOTAL EQUITY		**4,034**	**6,646**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2012	**37,995**	**(2,035)**	**(28,980)**	**6,980**
Loss after income tax	-	-	(785)	(785)
Other comprehensive (loss)	-	366	-	366
Total comprehensive (loss)	-	366	(785)	(419)
Transactions with owners in their capacity as owners:				
Share based payments	-	1	-	1
Share issue expenses	(1)	-	-	(1)
Share-based payments	85	-	-	85
At 30 June 2013	**38,079**	**(1,668)**	**(29,765)**	**6,646**
Loss after income tax	-	-	(2,273)	(2,273)
Other comprehensive income	-	(343)	-	(343)
Total comprehensive income (loss)	-	(343)	(2,273)	(2,616)
Transactions with owners in their capacity as owners:				
Share based payments	-	4	-	4
Share-based payments	-	(142)	142	-
At 30 June 2014	**38,079**	**(2,149)**	**(31,896)**	**4,034**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		12,186	9,649
Payments to suppliers and employees		(10,829)	(8,598)
Interest received		15	24
Interest paid		(323)	(454)
Other – Swan receipt		-	804
Net cash inflow (outflow) from operating activities	24(b)	1,049	1,425
Cash flows from investing activities			
Payments for exploration and evaluation	12	(6)	(52)
Payments for mine development	11	(4)	(273)
Payments for purchase of plant and equipment	10	(544)	(575)
Net cash inflow (outflow) from investing activities		(554)	(900)
Cash flows from financing activities			
Proceeds from issues of shares		-	-
Share issue transaction costs		-	(1)
Repayment of borrowings		-	(781)
Net cash inflow (outflow) from financing activities		-	(782)
Net increase in cash and cash equivalents		495	(257)
Cash and cash equivalents, including overdraft, at the beginning of the financial year		(2,076)	(1,786)
Effects of exchange rate changes on cash and cash equivalents		45	(33)
Cash and cash equivalents, including overdraft, at the end of the financial year	24(a)	(1,536)	(2,076)
Non cash investing and financing activities	24(b)		

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of India Resources Limited (Company) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on the date of signing of the Directors' Report.

India Resources Limited (Company) is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

The financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers the consolidated entity comprising India Resources Limited and its controlled entities (the Group). The separate financial statements of the parent entity have not been presented with this financial report as permitted by amendments made to the Corporations Act effective as at 30 June 2014.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. India Resources Limited is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2014, and no changes to the Group's accounting policy is required:

Reference	**Title**	**Nature of Change**	**Application date of standard**	**Impact on Group's financial statements**	**Application date for Group**
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.	1 July 2018

The Group has not elected to early adopt any new Standards or Interpretations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Historical cost convention
This financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going concern
The Directors are of the opinion that, as at the date of these financial statements, the Group is a going concern and, as a result, the financial report for the year ended 30 June 2014 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

During the year ended 30 June 2014, the Group recorded a loss of $2,273,000 (2013: $785,000) and, as at the reporting date, the Group's current liabilities exceeded its current assets by $3,777,000 (2013: $2,364,000). It is noted that this loss includes the following non-cash items:

- depreciation and amortisation expenses of $787,000; and
- exploration written off of $929,000.

These non-cash items amount to $1,716,000, leaving $557K loss that is cash based.

At 30 June 2014 the Group had $2M in claims against Hindustan Copper Limited (HCL) that are well advanced, of which nearly $1M relates to amounts accrued during the 2013/14 year that have not been accounted for as income during the year.

The Group's financial position has been further threatened by a Stop Work Notice issued by HCL to stop all non-essential production at the Surda copper mine. This notice is the result of the Jharkhand State Government (JSG) enforcing a change in the mineral concession rules, and this has impacted a number of mines in the state. Whilst it cannot be known how long the mine the stop work instruction will remain in effect, it is noted that the closure of the mines is having a significant detrimental economic effect on the Jharkhand economy. This is creating financial, political and social pressure on the JSG to bring about a solution to enable the mines to recommence production. Furthermore, the problem has arisen because the Surda mine's license is yet to be renewed, which remains the responsibility of HCL. Accordingly IRL is seeking reimbursement for the impact of the stop work order from HCL (refer to Note 22(d) for more information).

The Group has now obtained funding support from the Resource Capital Fund (RCF), agreeing to issue RCF 200 million shares at 0.8 cents in two tranches, with $0.58M (after costs) paid subsequent to the end of the financial year and the second tranche of $1.01M is due and payable should the resolutions be past at the Extraordinary General Meeting on 15 October 2014. RCF's funding is being provided simultaneously with Noble Resources being issued 90 million shares to extinguish its outstanding $0.72M loan with the company (refer to Note 22(a)(b)(c)).

The Group is successfully expanding its suite of projects. The Surda operations contract has now been extended, and the contract for the Surda Expansion project is proceeding. The Group expects to sign and execute the Rakha copper project this year, and through the support of RCF the Company now has the capacity to aggressively pursue its interest in the Aravalli base metals project through the Indian legal system.

The Group expects that the Stop Work Notice will be resolved in the near future, and that it can then successfully pursue its project at Surda. The arbitration payments and, if approved by shareholders, the proposed share placements, will put the Group can obtain a much stronger financial position than it has had for many years. These factors provide a reasonable basis to expect that the Group will continue to operate as a going concern. Nonetheless it is acknowledged that until these matters are finalised there remains material uncertainty as to whether the Group will continue as a going concern. If it does not, there remains

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the risk that it will not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

At the date of this report, the Directors believe they have reasonable grounds to expect they can raise additional capital in the time frames required in order for the Group to meet its commitments as and when they fall due.

(b) **Basis of consolidation**

The consolidated financial statements are those of the group comprising India Resources Limited (India Resources or Company) and all entities (including special purpose vehicles) that India Resources controlled during the year and at the reporting date. Group entities, including special purpose entities, are those over which the group has the power to govern the financial and operating policies with a shareholding of more than 50% of the voting rights.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control. Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(c) **Significant accounting judgements, estimates and assumptions**

In the process of applying the Group's accounting policies, management has made the following significant accounting judgements and estimates in the preparation of these financial statements.

Exploration and evaluation
Exploration and evaluation expenditure has been carried forward in accordance with policy 2(g) on the basis that exploration and evaluation activities have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable resources are not assessed as being present, this expenditure will be expensed to profit and loss. Exploration assets include expenditure incurred acquiring the right to apply for tenements, and expenditure on tenements that remain under application for which the Group have the preferential right to the tenements.

Share based payment transactions
The Company measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by internal valuation using a Black-Scholes valuation methodology using the assumptions disclosed in Note 15.

Income tax expense
The income tax expense for Indian subsidiaries has been estimated and calculated based on management's best knowledge of Indian Income Tax legislation. There may be differences with the treatment of individual jurisdiction provisions but these are not expected to have any material impact on the amounts as reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **Significant accounting judgements, estimates and assumptions**

Carrying value of Surda Project assets

The carrying value of the Group's assets relating to the Surda contract copper mining project has been assessed on the basis that the Group has successfully negotiated an extension of the Surda works order, and on the assumption that the Surda mine will resume operations in the near future despite the Stop Work Notice currently in place (see also Note 22). Based on this, the Directors are confident that the assets are not impaired. Should the Stop Work Notice remain in place and the Group are not able to resume mining operations, there remains a risk that it may not be able to realise its assets relating to the Surda project at the amounts stated in the financial report.

(d) **Parent entity financial information**

The financial information for the parent entity India Resources Limited, disclosed in Note 26, has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of India Resources Limited. Such investments include both investments in shares issued by the subsidiary and other parent entity interest that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

(e) **Foreign currency translation**

(i) Functional and presentation currency

Both the functional and presentation currency of the Company is Australian dollars ($). The functional currency of the Indian registered subsidiary companies is Indian rupee (INR). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency.

(ii) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

All exchange differences relating to transactions and balances denominated in foreign currency in the consolidated financial report are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(iii) Translation of financial reports of foreign operations

The assets and liabilities of subsidiary companies are translated to the Group presentation currency at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. Any exchange differences are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, cumulative deferred exchange differences are recognised in profit and loss as part of the profit or loss on sale.

(f) **Trade and other receivables**

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less any provision for impairment. An estimate of the provision for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.
Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against any exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the impairment allowance is charged against profit and loss for the year.

When an area of interest is abandoned, any expenditure carried forward in respect of that area of interest is written off in the year in which the decision to abandon is made.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Amortisation is not charged on areas under development, pending commencement of production.

(h) **Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and long service leave and any other benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

(i) **Share based payment transactions**

The Company provides benefits to employees (including Directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions"). There is currently an Employee Incentive Option Scheme and an Employee Share Scheme in place to provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined by internal valuation using a Black-Scholes valuation methodology, details of which are given in Note 15. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share based payment transactions

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The profit and loss charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of earnings or loss per share (see Note 20).

(k) Revenue recognition

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. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised.

Interest
Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Copper revenue
Revenue from the sale of copper concentrate produced at the Surda project is recognised at the fixed contract price with the client, Hindustan Copper Limited. Revenue from the sale of copper concentrate is recognised when the product is suitable for delivery and has been despatched to the customer and is no longer under the physical control of the Group.

Consulting
Revenue from consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment loss. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight line basis on all plant and equipment. Major depreciation periods are:

Plant and equipment	2-10 years
Motor vehicles	5-10 years

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Impairment of non-financial assets

Where an indicator of asset impairment exists, the entity makes a formal estimate of recoverable amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). The estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

(n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(o) Taxation

(i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax, however, is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxation

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Other taxes
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost (after initial recognition at fair value) and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares assumed to have been issued for no consideration in relation to potential ordinary shares.

(s) Cash and cash equivalents

Cash and short term deposits in the Statement of Financial Position comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash includes cash on hand and in banks, as defined above (and money market investments readily convertible to cash on hand), net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) **Contributed equity**

Issued share capital is recognised as equity at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

(u) **Mine development costs**

Mine development expenditure represents the costs incurred in preparing mines for recommissioning and production, and also includes other directly attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases for which tenure is current. Once production commences, these costs are amortised over the remaining lease term. For the Surda Project the costs are amortised on a straight line basis over the remaining term, of the current contract, being to March 2017. Development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

(v) **Inventories**

Inventory comprises of stores and spares, copper concentrate on hand and copper in circuit. Inventory is stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and a proportion of indirect overhead expenditure allocated on the basis of relevant operating capacity. Costs are assigned to individual items of inventory on the basis of the first in first out allocation method. Costs of purchased inventory are determined after deducting applicable rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and to make the sale.

(w) **Leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term.

(x) **Borrowings**

All loans and borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(z) Other financial assets - investments

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss; and loans and receivables. Management determines the classification of its investments at initial recognition. Investments comprising principally marketable equity securities are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit and loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method. Financial assets at fair value through profit and loss are subsequently carried at fair value.

Impairment
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(aa) Derivatives

Derivatives are initially recognised at fair value on the date of the transaction and are subsequently re-measured to their fair value at conversion, extinguishment and reporting dates. All movements in derivatives are taken to profit and loss.

(bb) Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

3. REVENUE AND EXPENSES

		2014 $'000	2013 $'000
(a)	Revenue from operations		
	- Sale of copper concentrate	11,808	9,941
	- Consulting income	24	142
	- Interest received	15	8
		11,847	10,091
(b)	Employee and directors' remuneration expenses		
	- Salaries and wages	391	249
	- Superannuation	6	6
	- Directors' and consultants' fees	110	128
		507	383
(c)	Depreciation and amortisation		
	- Depreciation of plant and equipment	895	900
	- Useful life adjustment	(375)	-
	- Amortisation of mining development costs	267	373
		787	1,273
(d)	Fees and other expenses		
	- Audit fees	53	72
	- Consulting fees	42	95
	- Legal fees	6	6
	- Travel and accommodation	33	25
	- ASX Fees and share registry	22	23
	- Other	77	218
		233	439
(e)	Rental expense relating to operating leases		
	- Minimum lease	43	109

4. INCOME TAX

	2014 $'000	2013 $'000
(a) The major components of income tax are:		
Current income tax	-	-
Deferred income tax	-	-
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable

	2014 $'000	2013 $'000
Loss before income tax	(2,273)	(785)
Tax at the Australian income tax rate of 30% (2013: 30%)	(682)	(236)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	872	366
Differences in overseas tax rates	26	45
Tax losses recouped	(216)	-
Deferred tax asset	-	(175)
Income tax expense	-	-
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Capitalised mine development costs	399	1,007
Tax losses available	34	656
Total deferred tax assets	434	1,662
Set off of deferred tax liabilities pursuant to set off provisions	(11)	(194)
Net unrecognised deferred tax assets	423	1,468
Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	11	194
Total deferred tax liabilities	11	194
Set off of deferred tax liabilities pursuant to set off provisions	(11)	(194)
Net deferred tax liabilities	-	-

5. CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank	31	25
Cash on deposit	120	146
Cash on hand	1	3
	152	174

Refer to note 23 which contains the risk exposure analysis for cash and cash equivalents

6. TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
CURRENT		
Unsecured loans – other parties (a)	1,759	1,759
Provision for impairment of unsecured loans (a)	(1,759)	(1,759)
Net amount of unsecured loans	-	-
Trade receivables (b)	2,729	3,367
Provision for impairment of trade receivables (c)	(1,115)	(1,301)
Net amount of trade receivables	1,614	2,066
Other receivables (d)	545	572
	2,159	2,638

(a) Loans to Swan Gold Mining Limited (Swan) (formerly Monarch Gold Mining Company Limited), a former related party, were unsecured, with interest charged at the prevailing overdraft rate for amounts equal to each principal advance plus a margin of 1.5% calculated daily up to 10 July 2008 when Swan was placed in Voluntary Administration (refer to Note 17(b)(iii)). The Group has subsequently received distributions from the Swan Gold Group Trust, and through the Group Trust the company continues to have an interest in around 400,000 shares in Swan. However, presently no value is attributed to these shares in the accounts.

(b) Trade receivables represent amounts due from the customer in relation to the Surda copper project (refer Note 6(c)).

(c) The trade receivables relate to amounts due from the customer Hindustan Copper Limited (HCL). A provision for doubtful debts of $1,115,000 has been recorded against the receivable (2013: $1,301,000). The provision is made up of amounts in dispute in relation to the treatment of Indian excise duty on the supply of copper concentrate to HCL ($473,000) and ongoing discussions with HCL regarding production target penalties ($642,000).

(d) Other receivables arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

(e) **Past due but not impaired**

As at 30 June 2014, trade receivables of $660,000 (2013: $527,000) were past due but not impaired. This relates to a major customer who is expected to fully settle this amount. The Group does not hold any collateral in relation to these receivables.

	2014 $'000	2013 $'000
Up to one month	954	1,539
Over one month (past due)	660	527
	1,614	2,066

Movements in the provision for impairment of receivables are as follows:

	2014 $'000	2013 $'000
Opening balance	1,301	1,251
Impaired receivables received during the year	(158)	-
Foreign exchange movement	(28)	50
Closing balance	1,115	1,301

7. INVENTORY

Work in progress	610	571
Stores and spares – at cost	1,129	1,016
	1,739	1,587

Inventories recognised as expense during the year ended 30 June 2014 amounted to $3,204,000 (2013 – $2,176,000).

It is assumed that the Stop Work Notice currently in place will not continue for an extended period and that the full value of inventory can be obtained through normal operations (refer to Note 22(d)).

8. PREPAYMENTS

Other payments	403	343
	403	343

9. OTHER FINANCIAL ASSETS

NON-CURRENT		
Security deposits and prepaid rental for Surda mine	163	114
	163	114

10. PLANT AND EQUIPMENT

	2014 $'000	**2013 $'000**
Cost	9,625	8,712
Less accumulated depreciation	(5,175)	(4,742)
Net book amount	4,450	3,970
Reconciliation		
Opening net book amount	3,970	4,113
Additions	544	575
Transfers from mine development	560	-
Disposals	-	(16)
Foreign exchange differences	(104)	198
Useful life adjustment (a)	375	-
Depreciation charge	(895)	(900)
Closing net book amount	4,450	3,970

(a) During the year, the estimated total useful life to a foreign branch of certain types of plant and equipment used in the Group's Indian mining operations were revised. The net effect of the changes in the current financial year was a reduction in depreciation of $375,000.

All the plant and equipment has been pledged as security by the Group (refer Note 14). As at 1 July 2012, the cost of plant and equipment was $7,851,000 and accumulated depreciation was $3,738,000, to give the opening net book amount of $4,113,000.

It is assumed that the Stop Work Notice currently in place will not continue for an extended period and that the full value of plant and equipment can be obtained through normal operations (refer to Note 22(d)).

11. MINE DEVELOPMENT

Cost	3,584	4,191
Less accumulated amortisation	(3,580)	(3,356)
Net book amount	4	835

Reconciliation		
Opening net book amount	835	896
Additions	4	273
Transfers to Plant and Equipment	(560)	-
Foreign exchange differences	(8)	39
Amortisation charge	(346)	(373)
Reversal of amortisation charge	79	-
	4	835

This represents costs associated with re-commissioning and bringing into operation the Surda mine and developing future mining programmes. Mine development costs are amortised over the licence period.

12. DEFERRED EXPLORATION AND EVALUATION

Opening balance	4,456	4,381
Exploration and evaluation expenditure incurred in current year	6	174
Exploration and evaluation expenditure written off (a)	(929)	(125)
Foreign exchange differences	(15)	26
Closing balance	3,518	4,456

The ultimate recoupment of costs carried forward for exploration expenditure is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest.

(a) $905,000 of the exploration and evaluation expenditure written off during the year relates to IRL's applications in the states of Orissa and Jharkhand (the Bonai Project) with an interest in iron ore. The value of these applications have been written off due to the uncertainty that this value will be recovered.

13. TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors and accruals	2,728	2,531
Employee benefits	314	221
Other payables and accruals	2,774	1,379
	5,816	4,131

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms.

NON-CURRENT	**2014 $'000**	**2013 $'000**
Employee benefits	324	365
	324	365

14. BORROWINGS

	Maturity	2014 $'000	2013 $'000
Secured			
Bank overdraft (a)			
Loans from other parties - principal (b)	2014	1,688	2,250
Loans from other parties - interest payable (b)	2014	719	719
Total current borrowings	2014	6	6
		2,413	2,975

(a) The bank overdraft is for working capital and is secured over mine inventory and receivables. The size of the overdraft facility is limited to 75% of the value of inventory and receivables up to a maximum drawdown limit of 79,500,000 Indian rupees or $1,407,150 (2013: $1,991,000). At 30 June 2014 the Group was also accessing a 15,000,000 Indian rupees or $265,500 (2013: $271,000) Letter of Credit that is fully interchangeable with the bank overdraft to give a total access of $1,672,650 (2013: $2,262,000). At 30 June 2014 the Group had committed to expenditures in excess of the facility by $ 15,000 (2013: an unused facility balance of $12,000).

(b) Loans from other parties are from Noble Resources International Australia Pty Ltd (Noble), having been assigned the benefit and right associated with this loan from Noble Resources Australia Pty Ltd. The loan is subject to a negative pledge that the Company will not incur any financial indebtedness or grant any security interest over its assets without the consent of the lender as well as entering a deed of floating charge over the assets of the Company, and the Company pledged its shares in Pebble Creek Mining Ltd as further security. Subsequent to year end, a placement agreement has been entered into with Noble whereby 90 million shares will be issued to Noble at a deemed value of $0.008 per share or $0.72M as the full and final payment for the interest and principal payable for the loan. 72.8 million shares were issued subsequent to year end with 17.2 million shares to be issued contemporaneously with completion of the second tranches of the share placement with RCF VI which is subject to the approval of shareholders (see Note 22). In 2013 the Company was committed to interest charged at 10.5% plus a monthly principal repayment of $26,500.

15. CONTRIBUTED EQUITY

	2014 $'000	2013 $'000
(a) Ordinary shares		
655,590,776 (2013: 655,590,776) ordinary fully paid shares	38,079	38,079

(b) Movements in ordinary share capital	**Shares**	**Issue price**	**$'000**
Balance at 1 July 2012	629,391,961		37,995
Issued to directors in lieu of director fees	17,000,000	$0.005	85
Issue of collateral shares	9,198,815		-
Share issue costs	-		(1)
Balance at 30 June 2013	655,590,776		38,079
Balance at 30 June 2014	655,590,776		38,079

(i) Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

15. CONTRIBUTED EQUITY (continued)

(c) Movements in share options (listed and unlisted)

	Weighted average exercise price	Options
Balance at 30 June 2012		48,663,066
Issued to consultant November 2012	$0.025	2,000,000
Balance at 30 June 2013		50,663,066
Issued to consultant November 2013	$0.060	2,000,000
Expiry of November 2011 options	$0.025	(2,000,000)
Expiry of September 2011 options	$0.050	(5,800,000)
Expiry of April 2010 options	$0.070	(5,600,000)
Expiry of November 2010 options	$0.070	(4,250,000)
Balance at 30 June 2014		35,013,066

Date options granted	Expiry Date	Issue price of shares	Number under option
11 December 2007	31 December 2017	$0.0025	6,000,000
25 November 2010	31 December 2014	$0.025	25,013,066
19 December 2012	30 November 2015	$0.060	2,000,000
14 November 2013	30 November 2017	$0.100	2,000,000
			35,013,066

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 1.24 years (2013: 1.68 years). The weighted average fair value of options granted during the year ended 30 June 2014 was 0.06 cents (2013: 0.06 cents). The weighted average fair value of options expired during the year ended 30 June 2014 was 0.81 cents and their exercise price was 5.83 cents (no options expired in the year ended 30 June 2013). The value attached to the options above relates only to the options that had vested at the reporting date. The fair value of equity-settled share options granted is estimated as at the date of grant or service provided using a binomial model taking into account the terms and conditions upon which the options were granted.

The inputs to the financial model used for valuing options, granted during the year ended 30 June 2014, were:

	Consultant
Issue Date	14 November 2013
Dividend yield	0%
Expected volatility	125%
Risk-free interest rate	3.29%
Expected life of options	4.0 years
Option exercise price	10.0 cents
Expiry Date	30 November 2017

15. CONTRIBUTED EQUITY (continued)

The inputs to the financial model used for valuing options, granted during the year ended 30 June 2013, were:

	Consultant
Issue Date	19 December 2012
Dividend yield	0%
Expected volatility	100%
Risk-free interest rate	2.62%
Expected life of options	3.0 years
Option exercise price	6.0 cents
Expiry Date	30 November 2015

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(d) Capital risk management

Management's objectives when managing capital are to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management has no current plans to reduce the capital structure through a share buy-back.

16. RESERVES

	2014 $'000	**2013 $'000**
Option and share-based payments reserve (a)		
Opening balance	1,351	1,350
Share based payments charge incurred in current year	4	1
Transferred from option reserve	(142)	-
Closing balance	1,213	1,351
Foreign exchange translation reserve (b)		
Opening balance	(3,019)	(3,385)
Exchange differences in current year	(343)	366
Closing balance	(3,362)	(3,019)
	(2,149)	(1,668)

Nature and purpose of reserves

(a) The option and share-based payment reserve represents the value of equity benefits provided to Directors and employees as part of their remuneration and the value of services provided to the Group paid for by the issue of equity.

(b) The foreign exchange translation reserve represents the exchange difference arising on translation of foreign controlled entities.

17. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(a) Compensation of key management personnel

Remuneration by category	**2014 $**	**2013 $**
Key management personnel		
Short-term	892,055	778,114
Post-employment	5,550	5,513
Long Term Benefits	36,951	40,065
Share-based payment	-	85,000
	934,556	908,692

(b) Transactions with related parties

(i) During the year, the Company accrued $164,413 (2013: $32,151) in consulting and contract services with Aranak Pty Ltd, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2014 $465,195 (2013: $277,033) was payable to Aranak Pty Ltd (excluding leave provisions).

(ii) During the year, the Company accrued $125 (2013: $33,402) in contract services with Aurum Corporate Pty Ltd, a company associated with Mr M Muhling, the Group Commercial Manager, on normal commercial terms (excluding the services supplied directly by Mr Muhling). At 30 June 2014 $14,817 (2013: $17,985) was payable to Aurum Corporate Pty Ltd.

(iii) During the 2008 financial year, the Company advanced funds to Swan Gold Mining Limited (Swan - formerly Monarch Gold Mining Company Limited), a previously related party, in which former Company Directors Messrs M Kiernan and A Quadrio and current director, Mr D Humann, were Directors. On 11 July 2008, Swan entered into voluntary administration. During the year ended 30 June 2010, the Administrators of Swan made a first distribution to its creditors. The amount received by the Company was $602,996 leaving a balance owing on the loan receivable of $3,416,807. During the year ended 30 June 2011, the Company assigned its interest in this receivable to a third party. The Company received an initial cash return of $854,202 pursuant to the assignment deed. The Company subsequently entered into a deed of variation, under which the Company would receive a further 50% of any dividends on the balance of the admitted claims to be paid by the trustee of the Swan creditors' trust. In April 2013 the Company received $803,955 being its share of the distribution from the Swan Gold Group Trust. The Swan Gold Group Trust continue to hold 43,723,383 shares in Swan Gold Mining Limited from which the Company may yet receive a further distribution.

(iv) At 30 June 2014 $125,500 (2013: $89,762) was payable to Mr Andrew Simpson, the non-executive Chairman, for outstanding director fees.

(v) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2014 $71,941 (2013: $35,970) was accrued to James Anne Holdings Pty Ltd. $2,241 was payable at 30 June 2014 to Mr David Humann (2013: Nil).

(c) Transactions with other parties

(i) On 5 September 2008, the Company secured a working capital debt facility of $1,500,000 from Noble Resources Australia Pty Ltd, a related party of Territory Resources Pty Ltd. The facility was repayable by 1 October 2014 and was secured by a fixed and floating charge over the Company. As at 30 June 2014, the balance drawn on this facility was $719,268.76 (2013: $719,268.76) with interest accrued and payable of $75,567 (2013: $134,471) charged for the year. In September 2014 the Company entered into a placement agreement as full and final payment for the outstanding loan principal and interest. Refer to subsequent events at Note 22(b).

18. REMUNERATION OF AUDITORS

	2014 $	2013 $
Amounts paid or due and payable to the auditors for:		
Audit and review of financial reports:		
- Australia	53,358	61,345
- India	9,401	10,378
	62,759	71,723
Taxation and other advisory services:		
- India	1,770	13,650
	64,529	85,373

19. SEGMENT INFORMATION

(a) Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors are disclosed in the Directors Report.

The Board of Directors considers the business from both a project and a geographical perspective, and has identified three reportable segments being:

1. Project Office, which primarily consists of the operations at the Surda mine.
2. Expansion Project, which consists of shaft sinking and development work at the Surda mine through the sub-contract with Shriram EPC Limited (SEPC).
3. Exploration, which includes the pursuit of all exploration projects in India.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments are as follows:

30 June 2014	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	10,850	995	0	2	11,847
Loss before income tax expense	(366)	(219)	(929)	(759)	(2,273)
EBITDA (loss)	464	(15)	(929)	(683)	(1,163)
Depreciation and amortisation	787	0	0	0	787
Total segment assets	8,586	394	3,518	89	12,857
Total segment liabilities	6,345	475	0	1,733	8,553

30 June 2013	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	9,946	0	0	940	10,886
Loss before income tax expense	(551)	0	(125)	(109)	(785)
EBITDA (loss)	1,012	0	(125)	46	933
Depreciation and amortisation	1,255	0	0	18	1,273
Total segment assets	9,553	0	4,456	108	14,117
Total segment liabilities	5,960	0	0	1,511	7,471

19. SEGMENT INFORMATION (continued)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and mine development expenditure.

While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Intersegment Transfers

Segment revenues, expenses and results exclude transfers between segments that are for Group resources accessed at cost.

EBITDA

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis may exclude the effects of non-recurring expenditure or impairments when these are not considered to reflect the performance of the segment, such as those due to an isolated, non-recurring event or unrealised gains/ (losses) on financial instruments.

The reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	2014	**2013**
	$'000	**$'000**
EBITDA	(1,163)	933
Finance Costs	323	445
Depreciation and Amortisation	787	1,273
Loss before income tax expense	**(2,273)**	**(785)**

20. LOSS PER SHARE

Basic and diluted loss per share (cents per share)	(0.3)	(0.1)
Loss used in calculating basic and diluted loss per share ($'000)	(2,273)	(785)
Weighted average number of ordinary shares used in the calculation of basic loss per share	655,590,776	644,543,071

Effect of dilutive securities:
There is no impact of dilutive shares as the Group made a loss for the year, hence any dilution would reduce the loss per share. Diluted earnings per share is therefore the same as basic loss per share.

21. CONTINGENCIES

Contingent liabilities

The Group has given guarantees in respect of its contracted obligations to Hindustan Copper Limited for 10 million INR, or $177,000 AUD (2013: $181,000) and to a third party as security for lease of business premises for $11,470 (2013: $44,000).

The Group has provided a Corporate Guarantee to Shriram EPC Limited in respect of its work as sub-contractor at the Surda expansion project of up to139.42 million INR ($2.5M AUD).

The Group has given guarantees in respect of its intent to undertake the Rakha copper project on behalf of Hindustan Copper Limited for 5 million INR, or $90,000 AUD.

Contingent assets

The Group has $2M in claims against Hindustan Copper Limited that relate to the Arbitration decisions made in favour of IRL in August 2013. IRL is confident that these claims will be paid because the limitation period has expired and HCL has not challenged the Award.

22. SUBSEQUENT EVENTS

(a) In August 2014 the Company signed a placement agreement with Resources Capital Fund VI L.P. (RCF) to issue up to 200 million fully paid ordinary shares at $0.008 each to raise $1.6 million (before costs). The issue is to be completed in two tranches, with the first tranche of 73,897,694 shares to raise $591,182 was subject to IRL entering into a legally binding term sheet with Noble Resources International Pty Ltd (Noble) for the issue of 90 million shares at a deemed issue price of $0.008 per share to extinguish the loan payable to Noble of $0.72M. The second tranche of up to 126,102,306 shares to raise up to an additional $1,008,818 is subject to shareholder approval and limited so that RCF's voting power in the Company does not exceed 19.9%

(b) In September 2014 the Company entered into a placement agreement with Noble for the issue of 90 million shares at a deemed issue price of $0.008 per Share to extinguish the secured loan of $0.72 million. In accordance with the Loan Repayment Agreement 72.8 million shares were issued as partial repayment of $582,400 from the loan. The balance of the loan of $137,600 will be satisfied by the issue of a further 17.2 million shares to be issued contemporaneously with the completion of the second tranche of the share placement with RCF which remains subject to the approval of shareholders.

(c) In September 2014 the Company issued and allotted 73,897,694 fully paid ordinary shares to RCF at an issue price of $0.008 per share to raise $591,182 (before costs).

(d) In September 2014 IRL received an instruction from Hindustan Copper Limited (HCL) to stop non-essential production and development operations at the Surda mine site. The instruction is understood to affect a number of mines, and is a result of the Jharkhand State Government (JSG) enforcing recent amendments to the mineral concession rules regarding mines that continue to await the renewal of their mining licence. Whilst it cannot be known how long the Stop Work Notice will remain in effect, it is noted that the closure of the mines is having a significant detrimental economic effect on the Jharkhand economy. The closures impact a number of organisations, including significantly large enterprises and Indian government enterprises. This is creating financial, political and social pressure on the JSG to bring about a solution to enable the mines to recommence production.

In response to the Stop Work Notice, HCL has filed a Writ Petition (WP) requesting stay of the order issued by the JSG. As an affected party, the Company has filed an Interlocutory Application in support of HCL's WP. Other large companies are filing similar WPs. HCL is also pursuing the renewal of the Surda mining lease with the JSG, and it is understood that the JSG cabinet is will be meeting to consider the issue. This cabinet has the power to allow the resumption of operations.

During the stoppage the majority of IRL's workforce has been placed on an official No Work No Pay notice. Approximately 25% of its workforce is engaged in care and maintenance work, including essential maintenance of the shaft systems and their machineries. IRL is also cleaning up the mine by

22. SUBSEQUENT EVENTS (continued)

removing saleable scrap from underground. These actions will make the mine safer and more efficient when normal operations resume.

IRL has requested HCL to reimburse its costs for the period during which the Stop Work Notice remained effective, noting that HCL is responsible for the mining lease and that it pays care and maintenance to other mines in similar circumstances.

(e) In September 2014 IRL lost its case in the Supreme Court of India regarding HCL's treatment of the contract price under the Surda work order as if it was inclusive of taxes and levies.

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, receivables, payables, investments and loans. The Group manages its exposure to key financial risks in accordance with the Group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Primary responsibility for identification and control of financial risks is borne between the board members and executive management.

Risk exposures and responses

(a) Interest rate risk

The Group's exposure to market risk for change in interest rates relates primarily to their interest bearing liabilities. The level of debt is disclosed in Note 14.

At the reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2014 $'000	2013 $'000
Financial Assets		
Cash and cash equivalents	152	174
Financial Liabilities		
Borrowings	(2,413)	(2,975)
Net exposure	(2,261)	(2,801)

The Group monitors interest rate exposure and should interest change rise significantly, the Group will make appropriate decisions in accordance with its financial risk management policies.

The following sensitivity analysis is based on the interest rate exposures in existence at the reporting date.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

23. FINANCIAL INSTRUMENTS (continued)

Judgements of reasonably possible movements	Post tax result higher / (lower) 2014 $'000	Post tax result higher / (lower) 2013 $'000	Equity higher / (lower) 2014 $'000	Equity higher / (lower) 2013 $'000
+ 1% (100 basis points)	(23)	(28)	-	-
- 1% (100 basis points)	23	28	-	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments.

The main trade receivable is Hindustan Copper Limited (HCL), a Government of India corporation. (refer to Note 6).

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter-party default rates.

The quality of the trade receivable with HCL is assessed as [ICRA] AA+ with a stable outlook based on ratings from ICRA Investor Services as at 31 August 2014. [ICRA] AA is described as having a high degree of safety regarding the servicing of financial obligations, and very low credit risk.

Shriram EPC (SEPC) is a member of a large, Indian based financial services conglomerate, the Shriram Group. However as SEPC is not rated, management are seeking to minimise the exposure to SEPC's receivables.

Credit risk in receivables is managed in the following ways:

- payment terms are 30 days for receivables other than loans;
- a regular risk review takes place on all receivables and loan balances;
- security is sought for receivables where it is deemed appropriate; and
- a thorough continuing assessment process takes place with all loan receivables.

The credit risk of cash in bank accounts is assessed as: AA- and stable for the National Australia Bank based on ratings from Standard and Poor, and BBB- with a negative outlook for Axis Bank Limited based on ratings from Standard and Poor as at June 2014.

The Group's maximum potential exposure to credit risk at 30 June 2014 was $2,158,000 ($2,638,000 at 30 June 2013).

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available credit lines. The Group manages liquidity risk by monitoring forecast cash flows. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as of 30 June 2014. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

23. FINANCIAL INSTRUMENTS (continued)
(c) Liquidity risk (continued)

Maturity analysis of financial liabilities based on management's expectations
Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

2014	**< 6 months $'000**	**6 - 12 months $'000**	**1 - 5 Years $'000**	**>5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
Financial liabilities						
Trade and other payables	(5,659)	(157)	(351)	-	(6,167)	(6,140)
Borrowings	(200)	(2,436)	-	-	(2,636)	(2,413)
Financial guarantee contracts (i)	(277)	-	-	-	(277)	-
	(6,136)	(2,593)	(351)	-	(9,080)	(8,553)
2013						
Financial liabilities						
Trade and other payables	(4,013)	(118)	(365)	-	(4,496)	(4,496)
Borrowings	(915)	(2,402)	-	-	(3,317)	(2,975)
Financial guarantee contracts (i)	(195)	-	-	-	(195)	-
	(5,123)	(2,520)	(365)	-	(8,008)	(7,471)

(i) Details about the financial guarantee contracts are provided in notes 21 and 26(b). The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

(d) Price risk

The Group's exposure to commodity risk is minimal. Price risk of the copper commodity is of no effect as the pricing for the Surda contract is fixed with only production target uplifts to pricing. It is not affected by the ongoing commodity pricing of copper.

Equity securities price risk arises from investments in equity securities. The Group has exposure to only one equity security, being Pebble Creek Mining Ltd. (PEB). The Group owns 5,000,000 shares in PEB. Changes in the value of the shares and warrants are brought to account in profit and loss. Presently the Group is carrying no value for these shares.

(e) Foreign exchange risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group entity's functional currency.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. No foreign currency hedging transactions were entered into during the financial year or prior financial year.

23. FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis

At 30 June 2014 the carrying value of trade receivables, trade payables and current borrowings are assumed to approximate their fair value due to their short term nature.

24. CASH FLOW STATEMENT

	2014 $'000	2013 $'000
a) Reconciliation of cash		
Cash balances comprise:		
Cash at bank and on hand (Note 5)	152	174
Bank overdrafts (Note 14)	(1,688)	(2,250)
Balance per cash flow statement	(1,536)	(2,076)
b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(2,273)	(785)
Impairment of investment	-	96
Share based payments – employees and directors	-	85
Share based payments – consultants	4	1
Depreciation	520	900
Amortisation	267	373
Impairment of trade receivables	-	14
Exploration and evaluation expedition written off	929	125
Disposal of equipment	-	16
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	431	(305)
Decrease/(Increase) in prepayments	(60)	(13)
Decrease/ (increase) in inventory	(152)	(425)
Increase/(Decrease) in trade and other payables	1,383	1,343
Net cash inflow from operating activities	1,049	1,425
Non cash investing and financing activities		
Share based payment for director fees	-	(85)

25. EXPENDITURE COMMITMENTS

(a) Operating leases (non-cancellable)

Minimum lease payments		
- not later than one year[1]	48	67
- later than one year but not later than five years	76	-
	124	67

[1] 30 June 2013 Includes a provision of $30,000 for office restoration costs to be undertaken prior to lease expiry.

(b) Tenement expenditure proposed

Under the terms of mineral tenement applications, minimum annual expenditure expectations of $572,000 (2013: $531,000) have been proposed. This expenditure may be incurred by the Group or its joint venture partners and may be subject to variation from time to time in accordance with The Mineral Concession Rules 1960 of India and Mineral Conservation and Development Rules 1988 of India.

(c) Surda Mine and Mosaboni Concentrator plant

On 26 March 2007, Hindustan Copper Limited (HCL) granted a contract to Swan and India Resources Limited as a Special Purpose Vehicle to:

(i) re-commission and bring into operations the Surda Mine; and
(ii) bring into operation at the Group's cost, the Concentrator Plant at Mosaboni, and to mine and beneficiate the ore to produce copper concentrate.

By a deed of appointment effective from 2 January 2007, Swan appointed the Company as a Special Purpose Vehicle in India. Under the deed of appointment the Company is required to implement the contractual obligations entered into by Swan and is entitled to all the benefits flowing from that performance and agreed to indemnify Swan for all liabilities arising out of contractual arrangement with HCL. HCL have acknowledged the appointment of the Company as Swan's special purpose vehicle and the Company, therefore, considers that Swan has observed the terms of the contract. The Company issued 375,000 shares to Swan as consideration under the Deed of Appointment.

The Directors of the Company are aware of an uncertainty regarding the continuity of the arrangement under the contract as a result of the appointment of administrators by Swan in 2008, as the terms of the initial agreement between HCL and Swan give HCL the right to terminate the licence in this event. However HCL did not exercise this right, indicating they recognised the fact that IRL was executing this work regardless of Swan's circumstances. On 2 March 2010 the Administrator of Swan announced that settlement of a Recapitalisation Deed had occurred on 26 February 2010, and that control and management of Swan had passed back to the Board of Directors. Therefore the event triggering any right HCL might have to terminate was no longer relevant. On 8 April 2010, Swan executed a Deed with the Company on Surda Working Arrangements, wherein they assigned their benefits, rights and interests under the Surda contract and work order to the Company. Until the present day, HCL have not proceeded to, nor have they indicated any intention, to exercise any right they may have to terminate the contract. A significant length of time has now passed since Swan came out of administration, and the original contract period has now expired. HCL has now chosen to extend the contract period with Swan.

The Directors believe the Group has a continuing positive relationship with HCL and the Group has continued to successfully operate the contract, and receive payments from HCL. The Directors also believe that HCL has been satisfied with the Company's ongoing performance. This has been evidenced most recently by the HCL Board resolving to seek an extension of the existing Surda operations contract until the later of March 2017 or the completion of the Surda Expansion Project.

The Company is working with HCL, its solicitors and advisers to achieve a transfer of the contract to the Company. Until such time as the transfer of the contract is executed the ultimate outcome of the discussions with HCL cannot be determined, and no provision for impairment of assets relating to the Indian operations or any provision for any liability that may result has been made in the financial report. The Directors are confident that a suitable resolution will ultimately be achieved and the works order will be held directly by the Company.

26. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Statement of Financial Position		
Current assets	85	104
Total assets	5,767	8,157
Current liabilities	1,716	1,511
Total liabilities	1,733	1,511
Shareholders' equity		
Issued capital	38,079	38,079
Reserves		
Share based payments	1,213	1,351
Accumulated losses	(35,258)	(32,784)
Net assets	4,034	6,646
Loss for the year	2,616	419
Total comprehensive loss for the year	2,616	419

(b) Guarantees entered into by the parent entity

The parent entity has provided a guarantee for $11,470 (2013: $44,000) as security for the lease of business premises.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

The parent has provided a Corporate Guarantee to Shriram EPC Limited in respect of its subsidiary's (IRL Copper Mining Pvt Ltd) work as sub-contractor at the Surda expansion project of up to139.42 million INR ($2.5M).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2013 – Nil).

26. PARENT ENTITY FINANCIAL INFORMATION (continued)

(e) Investments in controlled entities:

Name of entity	Country of incorporation	Class of shares	Equity holding 2014	2013
			%	%
India Resources (Holdings) Pty Ltd	Australia	Ordinary	100	100
IRL Copper Mining Pvt Ltd	India	Ordinary	100	100
IRL Exploration India Pvt Ltd	India	Ordinary	100	100
Crown Mining Pvt Ltd	India	Ordinary	100	100
India Resources Mining Pvt Ltd	India	Ordinary	100	100
IRL Coal India Pvt Ltd	India	Ordinary	100	100
Surda Project Office (Refer Note 25(c))	India	n/a	100	100
Kohinoor Mining International Limited (a)	Mauritius	Ordinary	100	100
AMIL Mining India Pvt Ltd (b) (c)	India	Ordinary	100	100

The issued shares of these entities are held in trust for the Company and the Company is the sole beneficial owner of these entities. The Surda Project Office is a separate non-incorporated legal entity registered in India as the special purpose vehicle for the Surda project. It is project specific and can only operate the Surda project. A Project Office of a foreign company in India is considered a tax resident of India. It holds required registrations and approval with Indian banking and taxation authorities.

(a) The Group has undertaken wind up procedures Kohinoor Mining International Limited. This is expected to be finalised during the 2014/2015 financial year.

(b) During the year Kohinoor Mining International Limited sold its interest in AMIL Mining India Pvt Ltd to 100% India Resources (Holdings) Pty Ltd.

(c) AMIL Mining India Pvt Ltd has committed to issue shares to Vajra Diamond Mining Private Limited such that the Group's equity holding in this company will reduce to 80%.

DIRECTORS' DECLARATION

30 JUNE 2014

In the Directors' opinion:

(a) the financial statements and notes set out on pages 15 to 48 are in accordance with the *Corporations Act 2001*, including:

  i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  ii. giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; 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.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

A Misra
Managing Director

Perth, Western Australia
30 September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of India Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of India Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), 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. Those 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

Independence

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

Opinion

In our opinion:

(a) the financial report of India Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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 2(a).

Emphasis of Matter

We draw attention to Note 2(c) to the financial statements which describes the uncertainty relating to the recoverability of the consolidated entity's Indian mining operations assets. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the continued support of the consolidated entity's lenders, the future successful raising of necessary funding and the ability to generate positive cash flows from the Surda mine. These conditions, along with other matters as set out in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of India Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2014