

31 January 2017

Report for the Quarter ended 31 December 2016

Highlights

Kishugu and Naujombo Gold Prospects

- RAB drilling program at Naujombo and Kishugu:
 - Confirmed gold anomalism over 9.5km of strike at Naujombo and 5.5km of strike at Kishugu
 - Indicated that both Naujombo and Kishugu are large gold systems
 - Identified priority drill targets for follow up in 2017
- Soil sampling identified new anomaly at Kishugu

Ntaka Hill Nickel Project

- Work on review of open pit, high-grade, low capex development options under way

Corporate

- Closing cash balance of \$1.1 million
- Significant reduction in administrative and corporate costs

EXPLORATION and DEVELOPMENT

Naujombo and Kishugu Gold Prospects

RAB drilling program

During the Quarter, the Company released the results of a RAB drilling program that comprised 136 holes for 3,398m, of which approximately 1,200m was carried out at Kishugu and the balance at Naujombo.

Key objectives of the drilling program were to identify gold mineralisation in the bedrock and understand the subsurface geology that is potentially hosting the mineralization. The RAB programs leveraged off the soil sampling and IP programs carried out during the September Quarter, which strongly indicated that the interpreted surface gold anomalies are large-scale exploration targets.

The drilling program intersected anomalous gold in the bedrock on each line drilled across the surface soil anomalies at both Kishugu and Naujombo. This represents anomalous bedrock across 9.5 kilometres of strike at Naujombo (Figure 1) and 5.5 kilometres of strike at Kishugu (Figure 2). The results indicate that

Naujombo and Kishugu are very large gold systems which have the capacity to host significant mineralisation (ASX announcement 12 October 2016).¹

Figure 1. Naujombo gold anomalism and drill collar locations

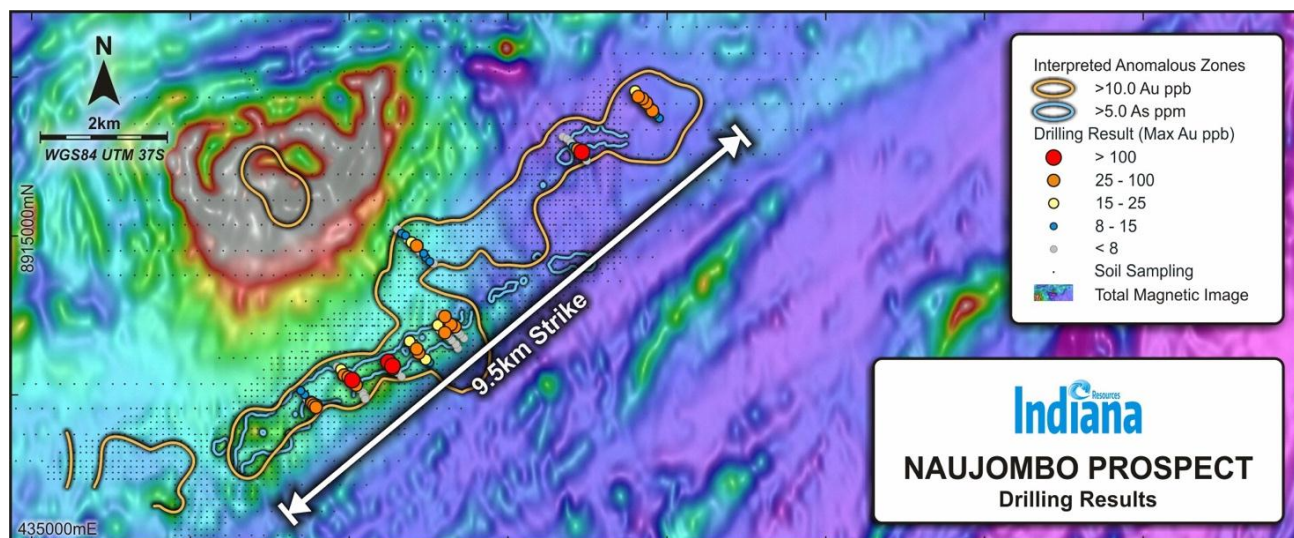
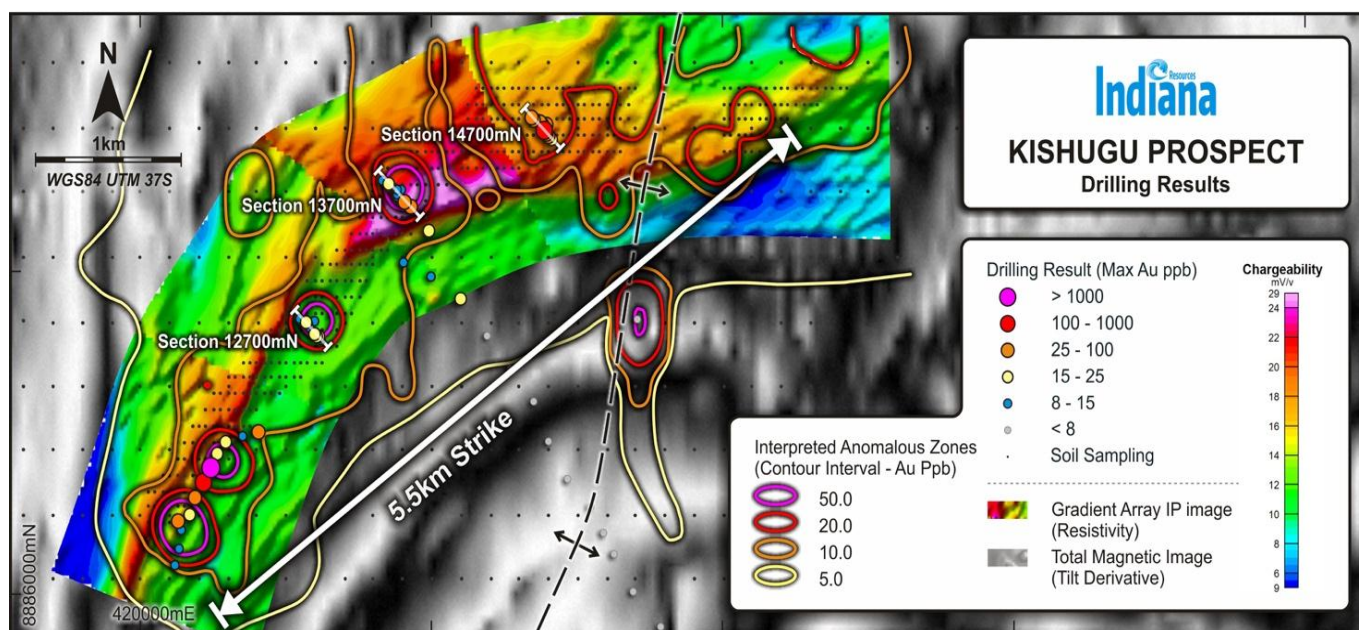


Figure 2. Kishugu gold anomalism and drill collar locations



While a significant amount of data has been collected to date, the sheer scale of both Naujombo (9.5km) and Kishugu (5.5km) that was confirmed by the RAB drilling has to be acknowledged. In addition, the Company has limited geological and structural control over both anomalies. While the RAB drilling showed extensive gold within bedrock, the lines were widely spaced and together with the large size of the two anomalies, defining specific follow-up drilling targets is complex.

¹ Since announcing these exploration results on 12 October 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Follow up field work

As a result, the immediate priority for follow up work is to improve geological and structural control over both Naujombo and Kishugu, which can be best achieved through soil sampling, field mapping and increasing the data set of aerial and ground based geophysics. The acquisition of such datasets is expected to enhance the Company's ability to define a targeted drilling program to commence in the June Quarter of 2017.

The Company received a substantial amount of data from the RAB drilling program, which has been used to inform follow up field programs. During the December Quarter, the Company continued a number of large scale soil sampling programs and field mapping exercises at Naujombo and Kishugu.

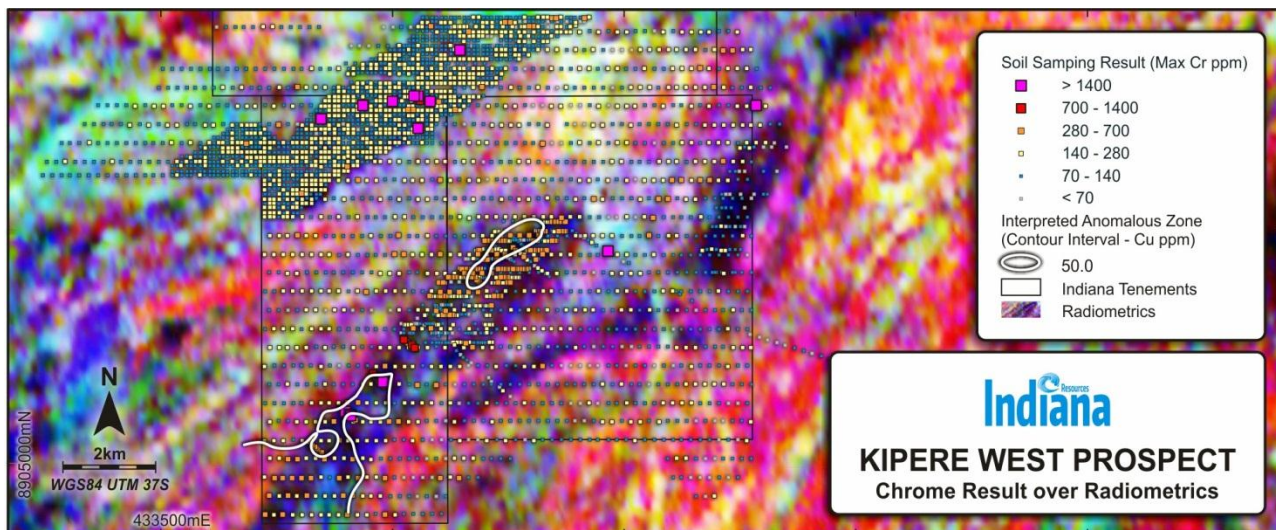
Naujombo soil sampling identifies new anomaly

Over 1,100 soil samples on a 400m by 200m spacing were collected at Naujombo.

The Company carried out soil sampling to the south-east of Naujombo to continue to test stream sediment anomalies for both gold and nickel sulphide mineralization. This has identified a new anomaly, Kipepere West (Figure 3). The area was targeted based on known elevated gold assays from previous work, with the anomaly identified through elevated chrome, nickel and copper portable XRF readings.

Owing to the high chrome readings, the Kipepere West anomaly is currently speculated as being ultramafic in nature. This represents both a potential gold and / or Ni-Cu sulphide target as demonstrated by elevated copper values. Follow up work will be carried out in 2017.

Figure 3. Kipepere West anomaly showing areas of elevated copper for further follow up



Naujombo Field Surveys

Extensive surface field mapping was completed at Naujombo during the Quarter. Mapping utilised existing tracks and covered over 105km of traverse within the Naujombo Prospect area. Moderate amounts of outcrop were encountered along drainage channels, including a significant amount of alluvial workings within one of the creek systems that crossed the Naujombo anomalous area (with 2km of alluvial workings being recorded) (Figure 4).

The presence of such alluvial workings suggests that gold may be found in quantities sufficient to support such workings, however the area immediately upstream of the workings does not have any outcrop or hard rock workings, indicating that the main mineralisation has yet to be identified.

Naujombo geophysical analysis

Following the conclusion of the wet season, which typically occurs in April, the Company plans to recommence Induced Polarisation survey work as part of a detailed infill geophysics program.

Figure 4. Extensive alluvial workings within a creek system at Naujombo

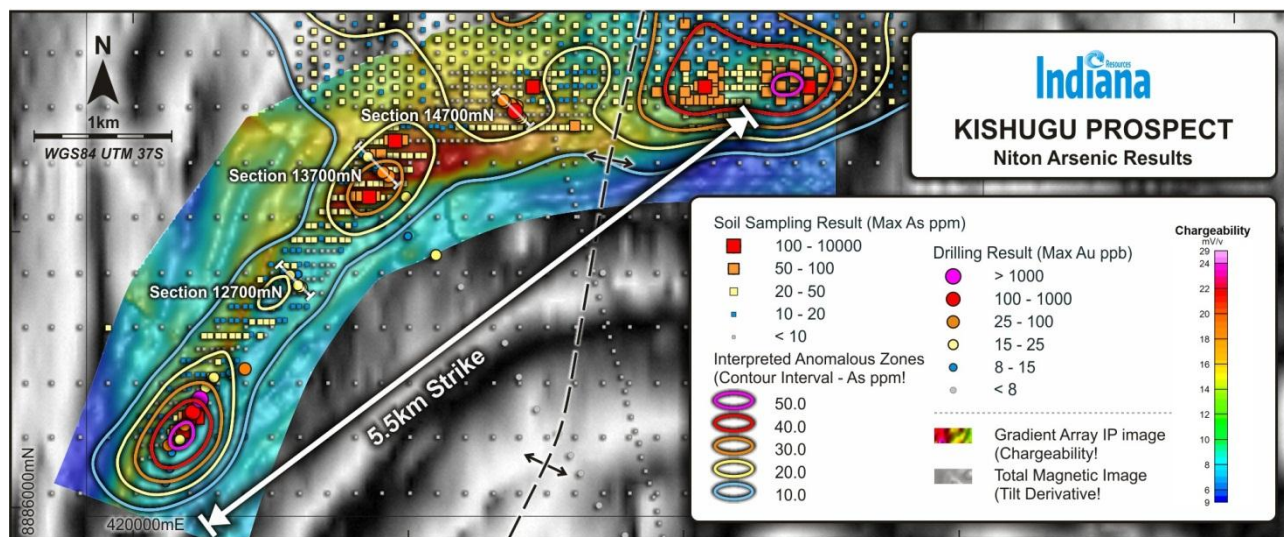


Kishugu soil sampling

During the Quarter, 334 samples were collected at Kishugu, which were subject to portable XRF analysis. The sampling program was designed to infill gaps in the data, increase resolution of the geochemical anomalism and define the edges of the anomaly to the north and east of the existing target (Figure 5).

The results of the soil sampling at Kishugu identified large coherent arsenic anomalism to the north-east of existing drilling. When combined with gradient array induced polarization ('GAIP') results, this feature appears to represent the northern limit of the anomaly and identifies a new target area for follow up in 2017. Kishugu now consists of two high arsenic / gold in soil anomalies on the ends of the GAIP chargeability feature, as well as a large central chargeability/arsenic/gold anomaly. These three areas represent attractive drill targets that have demonstrated bedrock gold anomalism, but have not yet been fully tested.

Figure 5. Arsenic results of the extension and infill program at Kishugu, showing new anomaly to north-east and closing off the anomaly



The Kishugu surface soil anomaly had previously not been closed off to the north. Additional PXRF analysis of soil sampling, utilising arsenic as pathfinder for gold, has now been completed and successfully closed off the anomaly to the north helping to identify areas for follow up in 2017.

Kishugu field mapping

Kishugu has very flat topology which has precluded the development of any significant drainage channels in the area. The lack of visual geology necessitates the reliance on geophysical and geochemical tools along with targeted drilling programs to unlock the potential of Kishugu.

Follow up drilling at Kishugu

When combined with recent Induced Polarisation survey, soil sampling and field mapping data, RAB drilling at Kishugu identified one high priority drill target for Kishugu (see Section 13700mN in Figure 5). This anomaly has been modelled within approximately 50m from the surface and could be effectively tested with two RC or diamond holes, one hole to intersect near surface, with a second as a backup to intersect the target at depth.

Ntaka Hill Nickel Project Review

During the Quarter, the Company commenced a review of the Ntaka Hill Nickel Project which focused on smaller scale open pit development options to determine capital and operating cost requirements and economic viability. To date, this work has indicated that there is potential to develop a small, high-grade open pit operation without any sterilisation of the larger Mineral Resource, giving the project substantial scalability into the future.

A recent site visit confirmed that project development at Ntaka Hill is supported by the ability to access existing, good quality infrastructure, including:

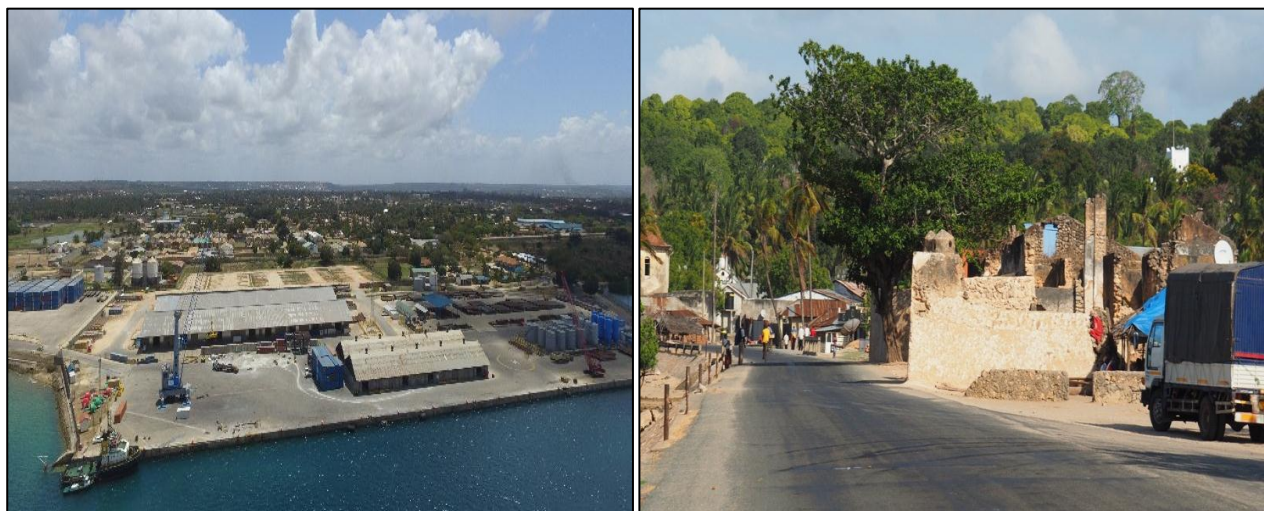
- The Mtwara Port (Figures 6 and 7) is located approximately 120km from the Ntaka Hill camp. The Mtwara Port is a deep water commercial port that is accessible from Ntaka Hill by a four hour drive, the majority of which is on sealed roads. There are also daily flights from Dar es Salaam, which

enable an individual to leave Dar es Salaam in the morning and be at Ntaka Hill at lunch time of the same day.

- The City of Mtwara is a rapidly developing port city, having recently benefitted from significant petroleum exploration expenditure and a growing onshore gas industry. Power to the city and region is provided by newly installed gas fired power-stations.
- The region has excellent, continuous mobile phone coverage along the route from Mtwara to Ntaka Hill. At the Ntaka Hill camp there is excellent access to satellite broadband internet as well as mobile phone coverage.
- The Ntaka Hill camp provides its own power (diesel generators), however residential class power is presently being installed in the town of Lionja located 20km from the Ntaka Hill exploration camp

The results of the review are expected to be released during the March Quarter 2017.

Figures 6 and 7. Mtwara Port and the road to Ntaka Hill from Mtwara



CORPORATE

Cash position

As at 31 December 2016, the Company had cash at bank of \$1.1 million.

During the past 6 months Indiana has committed to resetting its cost structure and this is now reflected in the Company's quarterly administration costs. Combined staff and administration costs were \$255,000 for the December Quarter (Staff \$114,000 and Administration \$141,000). Exploration costs were \$244,000.

Annual general meeting

The Company held its Annual General Meeting on 17 November 2016. A total of six resolutions were put to shareholders, all of which were passed.

TENEMENT INTERESTS

Tenements held and location

Tenement	Ownership	Project	Location
PL5447/2008 - Noli SE	100%****	Nachingwea	Tanzania

Tenement	Ownership	Project	Location
PL5977/2009 - Naujombo	100%*	Nachingwea	Tanzania
PL6073/2009 - Chilalo	100%****	Nachingwea	Tanzania
PL6158/2009 - Kiperere East	100%****	Nachingwea	Tanzania
PL6397/2010 - Kipepere West	100%*	Nachingwea	Tanzania
PL6634/2010 - Mihumo	100%*	Nachingwea	Tanzania
PL6635/2010 - Nachingwea NW	100%*	Nachingwea	Tanzania
PL7095/2011 - Nditi	100%*	Nachingwea	Tanzania
PL8627/2012 - Lumpumbulu	100%*	Nachingwea	Tanzania
PL8628/2012 - Kipendengwa	100%****	Nachingwea	Tanzania
PL8754/2012 - Chikoweti	100%*	Nachingwea	Tanzania
PL9757/2014 - Mihumo West	100%*	Nachingwea	Tanzania
PL9759/2014 - Mjembe	100%*	Nachingwea	Tanzania
PL9929/2014 - Chikwale	100%****	Nachingwea	Tanzania
PL9939/2014 - Mjembe East	100%*	Nachingwea	Tanzania
PL9942/2014 - Naujombo North	100%*	Nachingwea	Tanzania
PL9944/2014 - Namarongo North	100%*	Nachingwea	Tanzania
PL9946/2014 - Machangaja	100%****	Nachingwea	Tanzania
PL10099/2014 - Nanyindwa	100%*	Nachingwea	Tanzania
PL10302/2014 - Namatutwa	100%*	Nachingwea	Tanzania
RL0017/2015 - Ntaka Hill	86%***	Nachingwea	Tanzania
PL7226/2011 - Ntaka South	100%***	Nachingwea	Tanzania
PL10904/2016 - Namikango North	100%***	Nachingwea	Tanzania
Claim Block 4242	50% **	St Stephen	New Brunswick, Canada
Claim Block 5787	50% **	St Stephen	New Brunswick, Canada

* Subject to farm-in joint venture with MMG

** Subject to 50/50 joint venture with ABE Resources

*** Subject to farm-in JV with MMG and JV transaction with Fig Tree

**** Transferred to Graphex pursuant to the Restructure

Tenements acquired during the Quarter

No tenements were acquired during the Quarter

Tenements Disposed during the Quarter

The following tenements were either surrendered or expired without renewal during the Quarter.

Tenement	Action
PL 5447/2008 - Noli SE	Expired
PL 8627/2012 - Lumpumbulu	Expired
PL 8754/2012 - Chikoweti	Expired



Campbell Baird
Managing Director

For further information, please contact:
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About Indiana Resources Limited

Indiana is an Australian minerals exploration company that holds a 901 km² tenement package in south-east Tanzania. The Company's tenement package hosts the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects.

To find out more, please visit www.indianaresources.com.au.

APPENDIX A. JORC 2012 TABLE 1 REPORTING

Section 1. Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	<ul style="list-style-type: none"> Soil samples collected using a clean hoe from the top of the "B" soil horizon, numbered and bagged before being air dried, sieved to 80 mesh (177 microns) before pXRF.
Drilling techniques	<ul style="list-style-type: none"> Not applicable, no drilling conducted.
Drill sample recovery	<ul style="list-style-type: none"> Not applicable, no drilling conducted.
Logging	<ul style="list-style-type: none"> Soils logged to standard template, no geology encountered in sampling.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> Soils sieved with only material passing 80 mesh submitted to the lab. Standards and Blanks are inserted every twentieth sample. Industry acceptable standards and blanks were used as certified reference material to ensure satisfactory performance of Niton XL3. QAQC results indicate that the sampling is accurate and precise.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> Niton geochemical data taken from field portable XRF Niton XL3t model. Duration 60 seconds per filter. Calibration of the unit was carried out on the unit at the start of the 2016 field season. The unit was serviced by PAS (Portable Analytical Solutions) in late 2015 prior. The following elements were analysed; Ag, As, Se, Ca, K, S, Ba, Sb, Sn, Cd, Pd, Zr, Sr, Rb, Pb, Hg, Zn, W, Cu, Ni, Co, V, Ti, Au, Fe, Mn, Cr, Sc, Mo, Th, U, Ta
Verification of sampling and assaying	<ul style="list-style-type: none"> Independent verification has not been undertaken on these results. Below detection limit values (negatives) have been replaced by half detection limit values for each element. Niton analytical results are deemed fit for purpose to indicate soil anomalism.
Location of data points	<ul style="list-style-type: none"> Sample points have been surveyed utilising hand held Garmin GPS. Grid system is UTM WGS84 Zone 37 South datum and projection.
Data spacing and distribution	<ul style="list-style-type: none"> Kishugu: data spacing is 100m x 100m. Naujombo: data spacing is 400m x 200m.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Soil grids are orientated east-west oblique to the interpreted strike of the geology.
Sample security	<ul style="list-style-type: none"> Samples are transported back to Ntaka Field Camp by company drivers and prepared in a dedicated soil preparation facility.

Criteria	Explanation
	<ul style="list-style-type: none"> • Samples are stored in secure facilities prior to transport to the preparation laboratory in Mwanza. • Transport of the samples is done using secure vehicles and a reputable transport company.
Audits or reviews	<ul style="list-style-type: none"> • No audits have been conducted on this data.
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • The exploration results reported in this announcement are from work carried out on granted prospecting licence PL 5977/2009, PL 9944/2014, PL 6397/2010 and PL 6635/2010 which are owned by Ngwena Limited, a subsidiary of IMX. • Prospecting licences PL 5977/2009, PL 9944/2014, PL 6397/2010 and PL 6635/2010 are in good standing.
Exploration done by other parties	<ul style="list-style-type: none"> • Exploration has been performed by an incorporated subsidiary company of IMX, Ngwena Limited.
Geology	<ul style="list-style-type: none"> • The regional geology is thought to comprise late Proterozoic Mozambique mobile belt lithologies consisting of mafic to felsic gneisses interlayered with amphibolites and metasedimentary rocks.
Drill hole information	<ul style="list-style-type: none"> • Not applicable, no drilling conducted.
Data aggregation methods	<ul style="list-style-type: none"> • Not applicable, no drilling conducted.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • Not applicable, no drilling conducted.
Diagrams	<ul style="list-style-type: none"> • Diagrams of soil locations and the location of tenements are included in this announcement.
Balanced reporting	<ul style="list-style-type: none"> • All assay results received are reported in the diagrams included in this announcement.
Other substantive exploration data	<ul style="list-style-type: none"> • Time domain induced polarisation geophysical survey carried out with the following specifications: <ul style="list-style-type: none"> ○ Gradient array configuration ○ 100m line spacing with stations at 50m ○ Rx dipole length of 50m and Tx dipole length of 2,500m ○ Smartem24 receiver and GGT-10 transmitter, with a transmitter current of 2.5-3.5A and base frequency of 0.125Hz

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Indiana Resources Limited

ABN

67 009 129 560

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(224)	(574)
(b) development	-	-
(c) production	-	-
(d) staff costs	(114)	(241)
(e) administration and corporate costs	(141)	(547)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	458
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(478)	(898)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,440
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(86)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,354

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,618	685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(478)	(898)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,354
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	1,140	1,140

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	640	1,618
5.2 Call deposits	500	137
5.3 Bank overdrafts	-	-
5.4 Other ()	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,140	1,755

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
60
Nil

Managing Director's salary and Independent Directors quarterly fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
Nil
Nil

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	
8.2 Credit standby arrangements	-	
8.3 Other (please specify)	-	
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(150)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(126)
9.5 Administration and corporate costs	(165)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(441)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL 5447/2008 – Noli SE PL 8627/2012 – Lumpumbulu PL 8754/2012 – Chikoweti	Prospecting licenses	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(~~Director~~/Company secretary)

Date: 31 January 2017

Print name: Stuart McKenzie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.