

INDIANA RESOURCES LIMITED

ABN 67 009 129 560

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2016



INDIANA RESOURCES LIMITED

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Indiana Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

INDIANA RESOURCES LIMITED

Corporate Information

Directors

Dr Derek Fisher (Non - Executive Chairman)
Mr Campbell Baird (Managing Director)
Mr Bruce McFadzean (Non - Executive Director)

Company Secretary

Mr Stuart McKenzie

Registered Office

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WEST PERTH WA 6005
Tel + 61 8 9388 7877
Fax + 61 8 9382 2399

Solicitors

Clayton Utz Australia
Level 27, QV.1 Building, 250 St Georges Terrace
PERTH WA 6000

Share Register

Computershare Limited
Level 2, 45 St Georges Terrace
PERTH WA 6000
Tel + 61 8 9323 2000
Fax + 61 8 9323 2033

Auditors

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

Website Address

www.indianaresources.com.au

Stock Exchange Code

Shares are listed on the Australian Securities Exchange ("ASX") under the code IDA.

INDIANA RESOURCES LIMITED

Director's Report

The Directors present the consolidated financial report of Indiana Resources Limited ("**Indiana**" or the "**Company**") and its controlled entities (the "**Group**") for the six months ended 31 December 2016.

Amounts are expressed in Australian dollars unless otherwise noted.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Non-Executive

Dr Derek Fisher (Chairman)

Mr Bruce McFadzean

Executive

Mr Campbell Baird (Managing Director)

Company Secretary

Mr Stuart McKenzie

REVIEW OF OPERATIONS

Corporate

Results for the Half-Year

The net loss after income tax of the Group for the half-year ended 31 December 2016 was \$1.11 million (2015: \$21.9 million). The result for the half-year is attributable to:

- (1) Corporate and administration costs of \$0.72 million (2015: \$2.22 million);
- (2) Business development costs for the half-year of \$0.04 million (2015: \$0.96 million);
- (3) Exploration costs of \$0.42 million (2015: \$2.0 million); and
- (4) Shares issued during the period to raise an amount net of costs of \$1.35 million (2015: \$3.6 million).

Ntaka Hill Nickel Project

During the half-year, the Company commenced a review of the Ntaka Hill Nickel Project ("**Ntaka**") 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.

Ntaka currently underpins the Indiana market capitalisation which provide significant value to shareholders. It has a significant nickel sulphide resource of 12.7 million tonnes at 1.21% Ni for 152,950t of contained nickel (Measured and Indicated). The Company has secured a retention license over Ntaka to 2020 which gives a low cost holding cost and exposure to an improving nickel price.

With the recent uncertainty in the nickel producing countries of Indonesia and the Philippines, Tanzania remains an attractive country in which to own and operate a mining project and, as such, we are seeing some renewed interest from external parties. Importantly, Indiana remains open to entering discussions with interested parties and is committed to realising Ntaka's value for shareholders.

INDIANA RESOURCES LIMITED

Director's Report

In addition to Ntaka the Company has also identified several regional Nickel anomalies. Recent mapping suggests the early stage targets are along the same folded D2 structure as Ntaka. The Company will continue to review the large data sets of geophysics and geochemistry over the area to further define the potential.

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 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

Naujombo and Kishugu Gold Prospects

RAB drilling program

During the half year, 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.

INDIANA RESOURCES LIMITED

Director's Report

Figure 1. Naujombo gold anomalism and drill collar locations

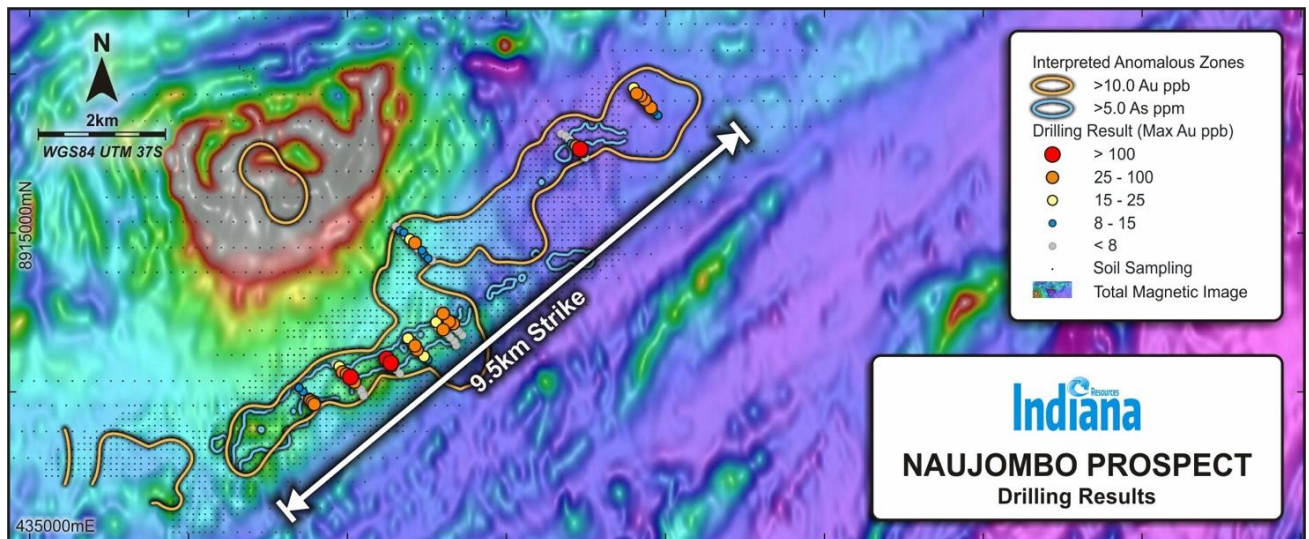
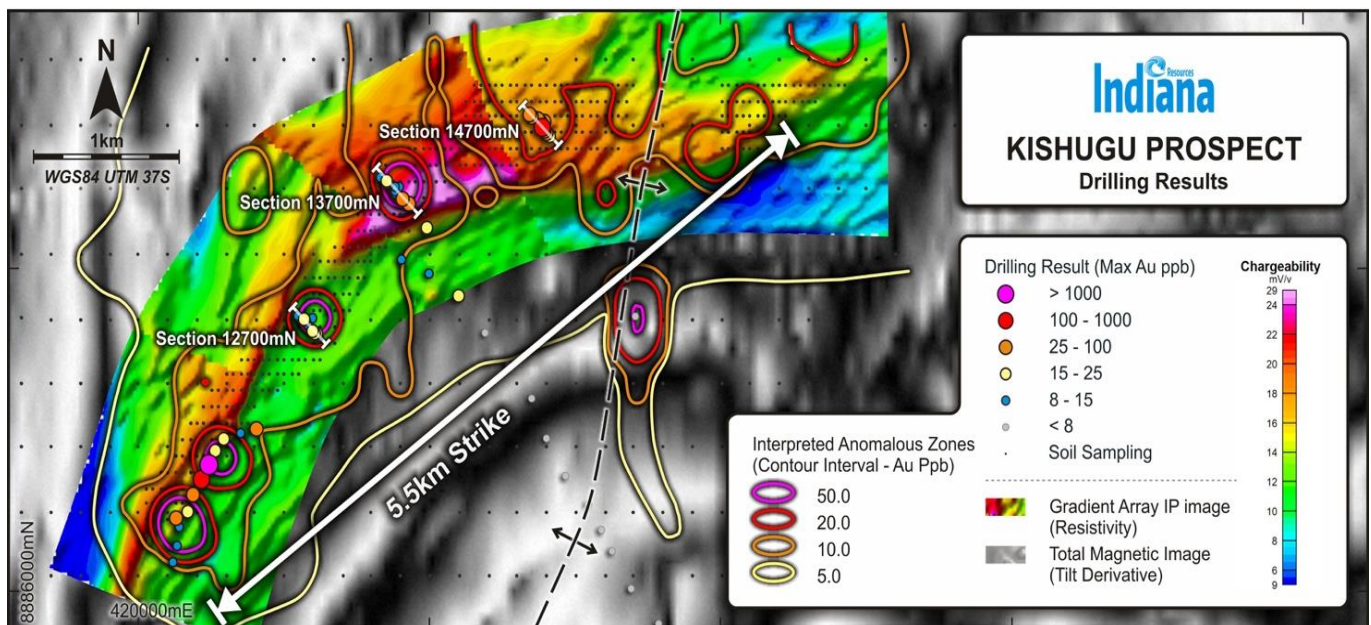


Figure 2. Kishugu gold anomalism and drill collar locations



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.

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.

INDIANA RESOURCES LIMITED

Director's Report

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

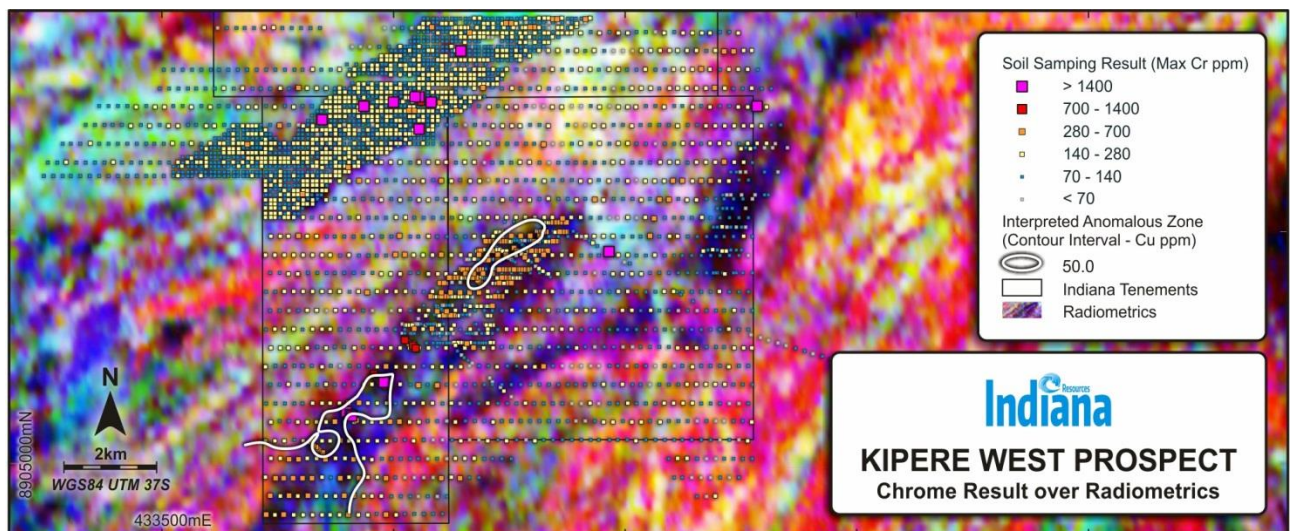
Prior to the RAB drilling programs, the Company received assay results from previous soil sampling at Naujombo, with each sample assayed for gold, platinum and palladium. The highest recorded gold assay was 811ppb, with an additional four samples of greater than 50ppb. These higher results are distributed along the entire length of the anomalous trend, at the time of the soil sampling, the anomaly was interpreted to extend over 9.5km and greater than 600m wide (Figure 3) . It was pleasing that the RAB drilling confirmed this interpretation.

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

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 half-year. 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).

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.

INDIANA RESOURCES LIMITED

Director's Report

Naujombo geophysical analysis

Analysis of the IP data from geophysics programs at Naujombo shows a very strong chargeability anomaly in close proximity to the 811 ppb gold in soils results.

There is an excellent correlation between gold-in-soil and the IP chargeability. The broad chargeability anomaly lies within the >10ppb gold in soil contour and is broken into smaller anomalies of between 100m to 300m in strike length. Modelling of the IP chargeability puts the anomalies at approximately 30m to 50m below any transported material. The high resistivity results suggest that silicification has occurred which is a common alteration style associated with gold mineralisation.

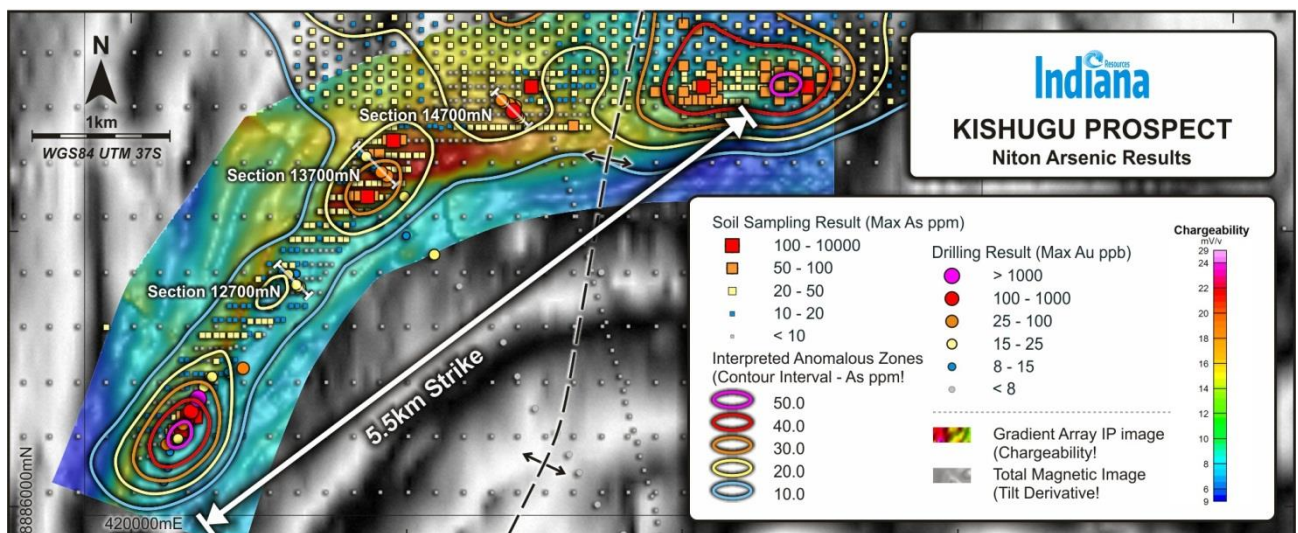
This interpretation was undertaken prior to the RAB drilling programs and it was pleasing to be able to confirm the interpretation. The correlation of this developing body of knowledge about Naujombo and Kishugu is now helping with the formulation of follow up programs at both prospects.

Kishugu soil sampling

During the half-year, 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 4).

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 4. 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.

INDIANA RESOURCES LIMITED

Director's Report

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On February 22, 2017, the Company received a notice from BPM Capital Limited (formerly BPM Commodities Limited) ("BPM"), a substantial shareholder of the Company, under section 249D of the Corporations Act 2001 (Cth) ("Notice") to requisition a general meeting of the Company (the "Meeting") for the purpose of proposing resolutions seeking to remove two of the Company's directors and to replace them with two BPM-nominated appointees.

Pursuant to the Notice and associated documentation received by the Company, BPM, which holds approximately 16% is seeking to remove the Company's independent, Non-Executive Chairman and Managing Director, being Dr Derek Fisher and Mr Campbell Baird. BPM is seeking to appoint Mr Brett Montgomery and Ms Heidi Brown as their replacements. The shareholder meeting has been convened for the 13 April 2017.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Indiana Resources Limited with an Independence Declaration in relation to the half-year ended 31 December 2016. The Independence Declaration is attached to and forms part of this Directors' Report. This report is made in accordance with a resolution of Directors of Indiana Resources Limited.



Derek Fisher
CHAIRMAN
PERTH, WA

14 March 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indiana Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2017

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2016

	Notes	31 DECEMBER 2016 \$'000	31 DECEMBER 2015 \$'000
Other income		138	160
Business development costs		(41)	(96)
Corporate and administration expenses		(723)	(2,218)
Depreciation		(59)	(115)
Exploration and evaluation expenses		(428)	(2,004)
Impairment expense		-	(17,909)
Other expenses		-	(65)
LOSS BEFORE TAX		(1,113)	(22,247)
Income tax benefit		-	390
NET LOSS FOR CONTINUING OPERATIONS		(1,113)	(21,857)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences, net of tax		(127)	1,787
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,240)	(20,070)
Net Loss is attributable to:			
Owners of Indiana Resources Limited		(1,113)	(21,857)
Non-controlling interest		-	-
		(1,113)	(21,857)
Total Comprehensive Loss is attributable to:			
Owners of Indiana Resources Limited		(1,240)	(20,070)
Non-controlling interest		-	-
		(1,240)	(20,070)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)		(3.1)	(2.1)
Diluted loss per share (cents)		(3.1)	(2.1)

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	31 DECEMBER 2016 \$'000	30 JUNE 2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents		1,139	685
Trade and other receivables		1,573	1,458
TOTAL CURRENT ASSETS		2,712	2,143
NON-CURRENT ASSETS			
Exploration and evaluation expenditure assets	5	6,700	6,700
Property, plant and equipment		287	337
TOTAL NON-CURRENT ASSETS		6,987	7,037
TOTAL ASSETS		9,699	9,180
CURRENT LIABILITIES			
Trade and other payables	6	1,255	878
Provisions		74	167
TOTAL CURRENT LIABILITIES		1,329	1,045
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		1,329	1,045
NET ASSETS		8,370	8,135
EQUITY			
Contributed equity	7	8,797	7,484
Reserves		4,807	4,767
Retained earnings		(6,168)	(5,055)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		7,436	7,196
Non-controlling interest		934	939
TOTAL EQUITY		8,370	8,135

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2016

	31 DECEMBER 2016 \$'000	31 DECEMBER 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other receipts	143	442
Payments to suppliers and employees	(875)	(2,745)
Receipt of research and development rebate	458	-
Payment of exploration expenditure	(616)	(2,315)
Net cash outflow from operating activities	(890)	(4,618)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(8)	(25)
Net cash outflow from investing activities	(8)	(25)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,440	3,930
Direct costs of equity issued	(87)	(291)
Net cash inflow from financing activities	1,353	3,639
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	455	(1,004)
Opening cash and cash equivalents brought forward	685	1,745
Effects of exchange rate movements on opening cash	(1)	(45)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,139	696

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED

Condensed Consolidated Statement of Changes in Equity For the half-year ended 31 December 2016

	Contributed Equity	Foreign Currency Translation Reserve	Share Based Equity Reserve	Options Reserve	Other Equity Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	126,399	3,444	4,651	1,048	(3,940)	(107,044)	4,225	28,783
Total Other Comprehensive Income for half-year								
Loss for the half-year	-	-	-	-	-	(21,857)	-	(21,857)
Foreign exchange translation differences	-	1,787	-	-	-	-	-	1,787
	-	1,787	-	-	-	(21,857)	-	(20,070)
Transactions with owners in their capacity as owners:								
Issues of shares net of transaction costs	3,639	-	-	-	-	-	-	3,639
Contractor share based payments	-	-	53	-	-	-	-	53
Employee share based payments	-	-	102	-	-	-	-	102
Transfer reserve to retained earnings to recognise expired equity based payments	-	-	(3,752)	(1,048)	-	4,800	-	-
Equity attributed to minority interest	-	-	-	-	2,351	-	(2,636)	(285)
Balance at 31 December 2015	130,038	5,231	1,054	-	(1,589)	(124,100)	1,589	12,224
Balance at 1 July 2016	7,484	4,719	987	-	(939)	(5,055)	939	8,135
Total Other Comprehensive Income for half-year								
Loss for the half-year	-	-	-	-	-	(1,113)	-	(1,113)
Foreign exchange translation differences	-	(127)	-	-	-	-	-	(127)
	-	(127)	-	-	-	(1,113)	-	(1,240)
Transactions with owners in their capacity as owners:								
Issues of shares net of transaction costs	1,313	-	-	-	-	-	-	1,313
Equity attributed to minority	-	-	-	-	5	-	(5)	-
Contractor share based payments	-	-	77	-	-	-	-	77
Employee share based payments	-	-	85	-	-	-	-	85
Balance at 31 December 2016	8,797	4,592	1,149	-	(934)	(6,168)	934	8,370

The accompanying notes form part of these consolidated interim financial statements.

Note to the Condensed Consolidated Financial Statements

1. Corporate information

Indiana Resources Limited (“**Indiana**” or the “**Company**”) is a company incorporated in Australia and limited by shares. Indiana shares are publicly traded on the Australian Securities Exchange (“**ASX**”) under the stock code IDA. The condensed consolidated interim financial statements of the Company as at, and for the half-year ended, 31 December 2016 comprise the Company and its subsidiaries (together the “**Group**”).

The principal activities of the Company are exploration for base and precious metals.

The consolidated financial statements of the Group as at and for the year ended 30 June 2016 are available online at www.indianaresources.com.au or upon request from the Company’s registered office located at Suite 4, Level 1, 2 Richardson Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 14 March 2017.

2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report does not include all notes of the type normally included within the annual financial report. However selected explanatory notes are included to explain events and transactions that are important to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements, as of, and for the year ended 30 June 2016.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by Indiana during the half-year ended 31 December 2016 in accordance with the Company’s continuous disclosure obligations.

3. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Company’s 2016 Annual Financial Report for the financial year ended 30 June 2016.

At 31 December 2016 and for the half-year then ended, there were no new accounting standards or amendments to accounting standards which impacted on the Group’s interim financial report. The Group did not early adopt any accounting standards or amendments to accounting standards which have been finalised but are not yet effective.

4. Use of judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2016.

Note to the Condensed Consolidated Financial Statements

5. Exploration and Evaluation Expenditure Assets

	31 December 2016 \$'000	30 June 2016 \$'000
Exploration & evaluation expenditure assets	6,700	6,700
<i>Reconciliation of exploration & evaluation expenditure assets</i>		
Carrying amount at the beginning of the half-year	6,700	27,710
Disposals	-	(5,000)
Provision for impairment	-	(16,919)
Effect of movements in exchange rates	-	909
Carrying amount at the end of the half-year	6,700	6,700

In June 2016 the Company completed the spin-off of its wholly owned subsidiary Graphex Mining Limited ("Graphex"). As part of this transaction, the Company sold the Chilalo Graphite Project and five surrounding prospective graphite tenements to Graphex for \$5 million. \$1 million of which was received in cash and \$4 million in Graphex share capital that was subsequently distributed in-specie to Indiana's existing shareholders.

6. Trade and Other Payables

Trade creditors	205	680
Accrued expenses	1,034	177
Other creditors	16	21
Carrying amount at the end of the half-year	1,255	878

Included in accrued expenses for the six months ended 31 December 2016 is \$988,946 payable to Clayton Utz, the legal counsel for the former Directors and Officers of the Company's former subsidiary Termite Resources NL ("Termite"). The costs are in relation to the claim outlined in the Contingent liabilities note in the financial statements for the year ended 30 June 2016. The Directors and Officers insurance policy has covered all legal costs incurred by the Directors and Officers in connection with the claim up to the half-year end. Given the insurance policy has responded and reimbursed all costs to date a corresponding receivable of an equal amount has been recognised in trade and other receivables in the statement of financial position as at 31 December 2016.

Note to the Condensed Consolidated Financial Statements

7. Contributed Equity

	31 December 2016		30 June 2016	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	43,338,182	8,838	31,337,216	7,484
(b) Movement in fully paid Ordinary Shares				
	Number of shares	\$'000	Number of shares	\$'000
Balance as at 1 July	31,337,216	7,484	827,826,028	126,399
Issue of shares, net of costs ⁽¹⁾	12,000,966	1,313	705,262,592	4,956
Shares issued under Employee share scheme ⁽²⁾	-	-	24,576,350	-
Director invoice settled with shares ⁽³⁾	-	-	9,166,666	110
Capital reduction	-	-	-	(119,981)
Capital reduction for in-specie distribution ⁽⁴⁾	-	-	-	(4,000)
Capital consolidation on a 50:1 basis	-	-	(1,535,494,420)	-
Balance as of 31 December 2016 /				
30 June 2016	43,338,182	8,797	31,337,216	7,484

31 December 2016

- ⁽¹⁾ Issue of 7,834,303 ordinary shares on 22 August 2016 in a private placement, at a price of \$0.12 per share. Issue of 4,166,663 ordinary shares on 16 September 2016 under a share purchase plan and subsequent placement of shortfall as an issue price of \$0.12 per share

30 June 2016

- ⁽¹⁾ Issue of 318,866,720 shares at a price of 1.2 cents per share under a share placement private placements and share purchase plan between 4 September 2015 and 15 September 2015.
- Issue of 386,395,872 shares under an entitlement offer at a price of 0.4 cents per share between 8 February 2016 and 22 February 2016.
- ⁽²⁾ Vesting and exercise of 12,994,869 performance rights under the employee share scheme. The performance rights were granted as part of STI performance targets for the 2015 year with the exercise occurring subsequent to performance reviews for this period.
- Vesting of 11,581,481 performance rights and cashless options under the employee share scheme. The performance rights were granted as part of STI performance targets for the 2016 year with the exercise occurring subsequent to performance reviews for this period.
- ⁽³⁾ Share issued to Director Dr Derek Fisher as settlement for an outstanding invoice relating to Director's fees and consulting services.
- ⁽⁴⁾ As part of the sale of Chilalo the Company received \$4 million in Graphex shares. These shares were subsequently distribute in-specie to Indiana shareholders

Note to the Condensed Consolidated Financial Statements

8. Contingent Liabilities

There has been no change in the contingent liabilities noted in the financial statements for the year ended 30 June 2016.

9. Operating Segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers, being the Board and Executives.

The Group operates in the resources industry. The Group's only operating segment is exploration in Tanzania, which represents all the Group's exploration assets. The Groups reportable segments in accordance with AASB 8 Operating Segments are as follows:

- Exploration – Group's exploration carried out in Tanzania; and
- Unallocated – to manage the corporate affairs of the Group.

10. Subsequent Events

On February 22, 2017, the Company received a notice from BPM Capital Limited (formerly BPM Commodities Limited) ("BPM"), a substantial shareholder of the Company, under section 249D of the Corporations Act 2001 (Cth) ("Notice") to requisition a general meeting of the Company (the "Meeting") for the purpose of proposing resolutions seeking to remove two of the Company's directors and to replace them with two BPM-nominated appointees.

Pursuant to the Notice and associated documentation received by the Company, BPM, which holds approximately 16% is seeking to remove the Company's independent, Non-Executive Chairman and Managing Director, being Dr Derek Fisher and Mr Campbell Baird. BPM is seeking to appoint Mr Brett Montgomery and Ms Heidi Brown as their replacements. The shareholder meeting has been convened for the 13 April 2017.

INDIANA RESOURCES LIMITED

Directors Declaration

In accordance with a resolution of the Directors of Indiana Resources Limited (the "Directors"), in the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* and:
 - (i) give a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Derek Fisher
CHAIRMAN
PERTH, WA

14 March 2017

RSM Australia Partners

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
INDIANA RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Indiana Resources Limited which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indiana Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

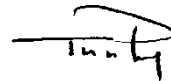
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2017