



## QUARTERLY ACTIVITIES REPORT

For the quarter ended March 2017

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India Resources Limited ("India Resources", "IRL" or "the Company") is pleased to present this quarterly activities report.

David Humann  
Chairman

Arvind Misra  
Managing Director

### HIGHLIGHTS

#### ***Surda Mine – Copper***

- Copper ore processed for the March 2017 quarter was 76,810 tonnes at 0.90% Cu (76,616 tonnes hoisted from the mine) to produce copper metal in concentrate (MIC) of 631 tonnes (equivalent mined).

#### ***Project Development***

- The Surda Mine Expansion and Development project (SEPC project) achieved 141 metres advance in raises, drives and cross-cuts in the quarter. In December 2016 quarter, SEPC project achieved 128 metres.
- The achievement at shaft sinking site was 15.1m of sinking and 17.9m of lining for the quarter ending March 2017. In the December 2016 quarter the achievement was 14.1m and 13.6m respectively.

#### ***Aravalli Project***

- Government of Rajasthan (GOR) submissions to Revision Authority maintained its decision to process CMPL's mining lease application confirming CMPL's right derived from successful Reconnaissance Permit program.

#### ***Corporate***

- HCL has given 9 months interim extension. IRL has accepted the offer of extension on the basis that HCL will resolve the minimum wage escalation matter and work towards resolving \$15M claims.
- After the successful appeal for Swan Gold (Now Eastern Goldfields) with the Indian income tax Office (ITO) for the 2010/11, 2011/12 and 2012/13 financial years, IRL was able to recover 9M INR (AUD 186K) for the FY 13-14 and INR 7M (AUD140K) for the FY12-13 in the month of January 2017 and February 2017 respectively. It is awaiting some more refunds from the tax office.
- Company is in discussion with several prospective investors who have shown interest in future funding.
- Mr Frank Campagna resigned from the post of Company Secretary with effect from 10<sup>th</sup> April 2017. Mr David Humann, Chairman, has taken additional responsibility as the Company Secretary.

## OPERATIONS REPORT

### Surda Project

Mining activities by the company produced 631 tonnes of copper metal in concentrate (equivalent mined) in the March 2017 quarter.

### Safety

During Quarter 1, January – March, 2017, the number of Lost Time Injury (LTI) recorded at the Surda Mines was Zero (0) and Concentrator plant zero (0). Injuries requiring Medical Treatment (MTI) was 3 at Surda Mines and Zero (0) at Concentrator plant. First Aid treatment for the Surda Mines & Concentrator Plant operations were 17 and 0 respectively as also shown below starting from 2016 Quarter 4 to 2017 Quarter 1 Statistics.

#### Oct -16 – Dec-16 (Q4) Statistics

<i>Type of Injury</i>	<i>Mine</i>	<i>Plant</i>
Lost Time Injury (LTI)	0	0
Medical Treatment Injury (MTI)	3	1
First Aid Treatments	28	1

#### Jan-17 – Mar-17 (Q1) Statistics

<i>Type of Injury</i>	<i>Mine</i>	<i>Plant</i>
Lost Time Injury (LTI)	0	0
Medical Treatment Injury (MTI)	3	0
First Aid Treatments	17	0

### Production

The Surda Copper Mine produced 631 tonnes of (Copper) metal-in-concentrate (MIC) during the March 2017 quarter.

<b>QUATERLY PRODUCTION</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>
Ore Mined (Tonnes)	80644	76616
Ore Processed (Tonnes)	82882	76810
Mill Feed Grade (Cu)	0.93%	0.90%
Concentrate Produced (Tonnes)	2653.85	2428.99
Concentrate Grade (Cu)	26.62%	25.78%
Recovery	92.99%	92.58%
Metal in Concentrate (Tonnes) - Equivalent Mined	699.09	631.00
Metal in Concentrate (Tonnes) – Dispatched	724.46	608.78

### ***Surda Expansion Project***

The Surda Expansion Project achieved 141 metres advance in the December 2016 quarter compared to 128 metres of horizontal driving, raise and cross-cutting for the previous quarter. Highlights were as follows:

- Level 12, Shaft 3 achieved two faces of development, driving south and 150m South raise.
- Level 10, shaft 4 driving northward and cross-cut presented another raise position to develop.
- Mechanisation at shaft sinking continues towards full mechanisation. GRAB was commissioned. Commissioning of larger winder also completed during the quarter. Fully mechanised shaft sinking is likely to commence during June quarter, after obtaining necessary approvals from the Director General of Mines Safety in India.

Next quarter:

- Opening up of 13<sup>th</sup> level faces after dewatering of 25 S winze at shaft 3
- Opening up of 11<sup>th</sup> level faces after dewatering of 1200 S winze at shaft 4
- Completion of full mechanisation at the shaft sinking.

### **BUSINESS DEVELOPMENT**

There has been no activities for business development during the March 2017 quarter.

### **EXPLORATION ACTIVITIES**

#### ***Aravalli (Base Metals)***

- The Revision Authority in the Ministry of Mines, government of India, conducted a hearing in early February in relation to the Revision filed by Hindustan Zinc Limited (HZL) against the Government of Rajasthan (GOR). The details of the hearing has already been announced in ASX on 27<sup>th</sup> February 2017. A further hearing and conclusion of the matter is likely to happen in the next few months. The Company is pleased with the consistent position taken by GOR in relation to HZL's overlapping claims.
- The Aravalli Project is attracting the interest from new investors. The company has received a Farm-in proposal for banking feasibility study. Company is evaluating this offer along with the funding options at the parent entity level.

### **FINANCE**

- The shaft sinking project is now contributing to improved performance.
- The copper production was below target during the quarter mainly due to the supply constraint in the mines. This was due to the excessive deductions made by HCL from Company's regular bills which affected the cash flow.
- IRL was able to recover the Tax deducted at source of 9M INR (AUD 186K) for the FY 13-14 and INR 7M (AUD 140K) for the FY12-13 in the month of January 2017 and February 2017 respectively. The company is expecting some more refund in the near future.
- The quarter ending March 2017 had a positive cash flow from operating activities as a direct result of refund of the money received from the Indian Tax Office.
- Cash flow difficulties and high level of liability requires continued good will from all stakeholders to sustain the business. The creditors and workforce at the site level are being

managed as per Indian customs and laws by the Executive Committee made up of senior management team of the Company.

- The Axis Bank continues to provide temporary overdrafts of 10M INR (\$0.20M). Discussions continue to replace the temporary overdraft facility with an overdraft for the Surda Expansion Project.
- The Company accepted the 9 months interim extension order provided by HCL on the condition that HCL will compensate for the recent wage escalation as per recent notification by the Ministry of Labor and Employment and resolve claims / further extension as per the presentation made by Company's Managing Director to the full board of HCL on 13<sup>th</sup> December 2016.

## **STATUS OF LEGAL AND ARBITRATION CASES**

- The dispute on Superannuation of 22 employees, which was being arbitrated by Labour Commissioner, has been disposed of. The Certified Copy of the order is being awaited. The new wage settlement dispute is still pending.
- The dispute regarding the bonus payments for the FY 2015-16 is still pending. The Ministry Of Labour and Employment has rejected Company's request for exemption. However, the matter is pending for consideration of Labour Commissioner.

## **CORPORATE ACTIVITIES**

HCL has given 9 months interim extension. IRL has accepted the offer of extension on the basis that HCL will resolve the issue of minimum wage escalation and continue resolving other existing claims including up to 66 months extension as presented to HCL board on 13<sup>th</sup> December 2016 by the Company's Managing Director.

SEPC contract also received 9 months extension. SPEC have accepted this extension on condition that the contract will receive full extension of 33 months (inclusive of 9 months). Company's Surda contract is also linked to the finish date of SEPC contract and is coterminous.

Minimum wages escalation remains under discussion between all stakeholders including Company, HCL, Worker's Union, Local Administration (LA) and Labor Commissioner (LC). All stakeholders expect HCL to make a reasonable decision in time. Company's workers, after having waited for a decision for about three months, went on strike for about a week during the month of April 2017. Subsequent to strike and intervention by LA and LC, HCL agreed to pay additional wages directly to Company's labor force. Company and HCL remain in discussion to find a long term solution to the issue of wages escalation.

Delay in receiving extension, strike by labor and significant blockage of funds by HCL has deteriorated the performance of the Surda and SEPC contract. This shall impact future performance, however Company has taken steps to contain costs by reducing manpower and other costs.

After the successful appeal for Swan Gold (Now Eastern Goldfields) with the Indian income tax Office (ITO) for the 2010/11, 2011/12 and 2012/13 financial years, IRL was able to recover 9M INR (AUD 186K) for the FY 13-14 and INR 7M (AUD140K) for the FY12-13 in the month of January 2017 and February 2017 respectively. The company is expecting some more refund in the coming months.

There has been still a trading halt on the securities of India Resources Limited and voluntary suspension of trading, pending release of an announcement.

As per Pitcher Partners recommendation the company is managing agreement plans with the creditors in India through the Executive Committee consisting of Company's senior management team in India. The Board is closely monitoring the financial position of the company and is in constant touch with its advisors. In the event that operations are hindered or the company's creditors are unwilling to agree to further extended payment terms, the company will have to consider other option. However the management is confident to overcome the financial challenges facing the company. Continuity provides hope to all stakeholders, stoppage will diminish chances of recovering value for all stakeholders and may result in law & order problem arising from unemployment in an already economically very poor area.

During the quarter Company received several funding offers. Company continues to advance its discussion with the new funding providers to achieve best outcome for its shareholders.

Mr Frank Campagna resigned from the post of Company Secretary with effect from 10<sup>th</sup> April 2017. Mr David Humann, Chairman, has taken additional responsibility as the Company Secretary. Mrs Mousumi Chaudhury, who was appointed Assistant Company Secretary, had to resign due to unforeseen personal circumstances.

**Arvind Misra**  
Managing Director

**Competent person's statement**

The information in this report that relates to exploration targets or exploration results is based on information compiled by Andrew Kohler, a Competent Person, who is a member of the Australian Institute of Mining and Metallurgy (Ausimm). Mr Kohler is a geological consultant to the Company. Mr Kohler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kohler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Contact details for India Resources Limited**

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**TENEMENT DIRECTORY**

Projects - India	Tenement number	Beneficial interest
<b>Surda Project</b> Jharkhand State	Surda Mining Lease (Hindustan Copper Limited) Surda Underground development contract (Shriram EPC)	Right to mine (100%) Right to develop (100%)
<b>Aravalli Project</b> Rajasthan State	Mining Lease 87/08 (partially granted LOI Rajasthan Government) Sathuddia Prospecting Licence application 56/10 (RP holder - preferential right)	100%
<b>Dharwar Diamond Project</b> Andhra Pradesh State	Prospecting Licenses 306 and 309 (under renewal)	100%
<b>Bandara Diamond Project</b> Orissa State	Prospecting license 410 application (Nuapada, RP holder- preferential right)	100%

No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.

## 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**

India Resources Limited

**ABN**

77 121 339 704

**Quarter ended ("current quarter")**

31 March 2017

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		2,076	6,204
1.2 Payments for			
(a) exploration and evaluation		-	-
(b) development		-	-
(c) production		(2,055)	(6,171)
(d) staff costs - Perth Office		(12)	(62)
(e) administration and corporate costs - Perth Office		(122)	(352)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	9
1.5 Interest and other costs of finance paid		(70)	(212)
1.6 Income taxes paid/Refund received		322	322
1.7 Research and development refunds		-	-
1.8 Other (provide details if material)		1	7
<b>1.9 Net cash from/(used in) operating activities</b>		<b>140</b>	<b>(255)</b>
<b>2. Cash flows from investing activities</b>			
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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments-security deposit	-	6
	(d) other non-current assets	-	137
2.3	Cash flows from loans to other entities	(9)	(10)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from/(used in) investing activities</b>	<b>(9)</b>	<b>133</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from/(used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	(2,222)	(1,936)
4.2	Net cash from/(used in) operating activities (item 1.9 above)	140	(255)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(9)	133
4.4	Net cash from/(used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	21	(12)
<b>4.6</b>	<b>Cash and cash equivalents at end of period <sup>1</sup></b>	<b>(2,070)</b>	<b>(2,070)</b>

<sup>1</sup> Cash at the end of the quarter includes the drawn down portion of a working capital overdraft facility of \$2, 125,000 which is used specifically for the day to day operations at the Surda copper mine. Refer items 5.3 and 8.1.



<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	18	(153)
5.2	Call deposits	-	-
5.3	Bank overdrafts	(2,125)	(2,106)
5.4	Other: term deposits used as guarantees	37	37
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(2,070)</b>	<b>(2,222)</b>

**6. Payments to directors of the entity and their associates**

	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	79
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	

Payments to directors and director associated entities, including director salaries, directors' fees, the provision of management services to the Group and payments for services with associated entities.

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

	<b>Current quarter \$A'000</b>
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	

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**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities-Indian working capital overdraft facility <sup>1</sup>

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
2,018	2,125
-	-
-	-

<sup>1</sup> Drawing facility based on levels of, and secured against, trade receivables and inventories at Surda mine. Available drawdown level as at 31 March 2017 was A\$2.018 million (100.0M INR). This limit includes a temporary overdraft facility of 10.0M INR (\$0.197M).

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

**9.7 Total estimated cash outflows**

**2,370**

**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

10.2 Interests in mining tenements and petroleum tenements acquired or increased

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### **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: *David Humann*                      Date: 26 April 2017  
(Director/Company secretary)

Print name: DAVID HUMANN

### **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. 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. 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.