



2nd June 2017

Manager Announcements
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

TERMINATION OF SURDA CONTRACT WITH HINDUSTAN COPPER LIMITED (HCL)

The Directors of India Resources Limited (IRL) wish to inform shareholders and the market that on occasions in recent months, including this month, strikes by mine, processing plant and construction project workers have caused a significant loss of revenue and profits.

These strikes relate to delay in a resolution by Hindustan Copper Limited (HCL) on the demand by IRL that HCL reimburse IRL in full for the 40% increase in statutory wages, made effective by Government of India from 19th Jan 2017. To date HCL has not resolved this matter, and Company anticipates further unrest at the operations.

Reimbursement of additional wages was a key condition to maintain the operations on a profitable basis and in good standing in all respect. The recent offer by IRL to HCL to continue the Surda Contract extension was made by the express Company on the condition that HCL would reimburse additional wage bill in full.

The Surda Contract extension was also conditional upon HCL resolving Arbitrated, Agreed and Admitted claims in a time bound manner. Some of these claims relate to an Arbitration award which Company had won in 2013 and also to the cost to IRL of the nine months of Surda shut down during September 2014-June 2015. The Surda shut down was caused by HCL not renewing its mining lease to mine on a timely basis.

In addition, HCL on a regular basis made unilateral deductions from amounts due to IRL for Copper production without having regard to its impact on the ongoing operations.

These actions of HCL and consequential industrial unrest have resulted in significant cash flow issues and accordingly a Contract termination notice has been issued to HCL effective 2nd June 2017.





All employment contracts and service providers contracts have come to an end today upon the notices of termination to employees and service providers.

TERMINATION OF SURDA EXPANSION CONTRACT

IRL Copper Mining Pvt Ltd (ICMPL) a 100% subsidiary of Company has been operating Surda Shaft Sinking and Mine Expansion Contract as Sub- contractor to ShriRam EPC (SEPC) since 1st March 2013.

The above Contract with SEPC was extended for a period of nine months with effect from 1ST April 2017.

Despite ICMPL's investment and hard work, the Surda Expansion Contract progress has been slow due to following reasons

1. Delay in payment by SEPC on grounds beyond contract provisions
2. Significant industrial unrest due to delay in payment to employees
3. Adversely affected ability of ICMPL to pay its creditors on time
4. Substantial delay in resolution of the Contract issue.
5. Substantial delay in non- payment of service tax due to ICMPL.
6. Substantial delay in resolution of the nine month (September 2014 – June 2015) shutdown claims, which prevented ICMPL accessing the project
7. Unilateral imposition of onerous conditions on ICMPL and general non-cooperation.

Accordingly ICMPL has terminated the Surda Expansion Contract effective 2nd June 2017.

IRL and ICMPL is evaluating its strategies going forward and will make a further announcement at an appropriate time.

Yours faithfully

David Humann
Chairman

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