

INDIANA RESOURCES LIMITED

ABN 67 009 129 560

ANNUAL REPORT

for the year ended 30 June 2017



Corporate Information

ABN 67 009 129 560

Directors

Ms Bronwyn Barnes (Non-Executive Chairman – appointed 5 April 2017)

Dr Derek Fisher (Non-Executive Director)

Mr Bruce McFadzean (Non-Executive Director)

Mr Campbell Baird (Managing Director – resigned 12 September 2017)

Company Secretary

Mr Stuart McKenzie

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Commonwealth Bank of Australia

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Share Register

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Auditors

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Website Address

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ASX Code

Shares are listed on the Australian Securities Exchange under stock code IDA.

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Chairman's Report

Dear Shareholders,

I am pleased to introduce Indiana Resources' 2017 Annual Report. Having completed the sale of the Chilalo Graphite Project to Graphex Mining Limited in June last year, Indiana repositioned itself as a dedicated Tanzanian exploration and development company, focused on its Kishugu and Naujombo gold prospects and the Ntaka Hill Nickel Project.

During the year, the Company made good progress with both Kishugu and Naujombo where further exploration confirmed the prospectivity of these two gold projects. At Ntaka Hill, study work confirmed the potential for a low-cost development option and together with a significantly improved outlook for the nickel price, the Company is confident that the value of Ntaka Hill can be realised.

Gold exploration consisted of geophysical work, extensional and in-fill soil sampling programs and rotary air blast (RAB) drilling at Kishugu and Naujombo. The RAB drilling was designed as a reconnaissance program across previously identified strong soil gold anomalies to establish whether gold was also present in the bedrock. It was encouraging that along each line of drilling over a strike of 9.5 kilometers and 5.5 kilometres for Naujombo and Kishugu respectively, zones of anomalous gold were intersected within the bedrock. This drilling program laid a strong platform for follow up exploration and is an important step in unlocking the gold systems at Naujombo and Kishugu.

Aircore drilling commenced in June 2017 that focused on targets identified from the RAB drilling and follow up field work, including a strong gold-in-soil anomaly at Naujombo South. The drilling intersected significant zones of mineralisation in the bedrock and outlined a new open-ended gold mineralised zone at Naujombo South. It is particularly pleasing that as we explore the extensive Naujombo and Kishugu region, gold targets continue to be discovered. These exciting, first-pass drilling results at Naujombo South clearly demonstrate the prospectivity of the Naujombo area.

Owing to the current uncertainty associated with recently passed legislation relating to the legal and regulatory framework governing the natural resources sector in Tanzania, the Company elected to pause exploration until there was greater clarity on any potential impact on the Company's activities. Since the changes to the legislation in July, the detail and scope of those changes remain unclear and while the Company remains committed to its Tanzanian assets, the Board has elected to commence a search for a new project outside Tanzania as an immediate priority.

As a result, Mr Campbell Baird agreed to stand down as Managing Director, while the Company undertakes the search for a replacement for Mr Baird, with a skill set more appropriate for project acquisition. The Board thanks Mr Baird for his efforts in challenging circumstances and wishes him well with his future endeavours.

The Company also has a controlling interest in the Ntaka Hill Nickel Project. This project contains a large Mineral Resource. While previous analysis of development opportunities had been based on a larger scale, medium grade operation, a recently completed scoping study reassessed the approach to development and identified a low-capital cost, smaller scale project that has the capacity to operate commercially at current nickel prices. With demand for nickel expected to be driven by growth in the use of lithium-ion batteries, Ntaka Hill provides low cost exposure to a rising nickel price. We believe that in the current nickel price environment and with the findings of recent study work, Ntaka Hill will deliver value to our shareholders.

During the year, the Company welcomed prominent mining investor, Investmet Limited as a cornerstone investor. Investmet Limited is led by Mr Michael Fotios, a highly experienced mining executive who has created substantial shareholder value through managing and investing in a number of ASX-listed companies, including Eastern Goldfields Limited, General Mining Corporation and Northern Star Resources. In addition, substantial shareholder BPM Capital Limited, increased its interest to 14.60%.

I would like to thank shareholders for their continued support during a challenging year and look forward to providing updates on our progress over the coming year.



Bronwyn Barnes
Chairman

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the **Group**) comprising Indiana Resources Limited (**Indiana** or **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2017 and the auditor's report thereon. Indiana is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The following persons were Directors of Indiana during the 2017 financial year and up to the date of this report:

B Barnes (appointed 5 April 2017)

D Fisher

B McFadzean

C Baird (resigned 12 September 2017)

The names and particulars of the qualifications, experience and special responsibility of the Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Bronwyn Barnes, B.A, Grad Dip Bus, GAICD – Non-Executive Chairman (Appointed 5 April 2017)		
Experience and expertise	Ms Barnes has had an extensive career in the resources sector, having worked with companies ranging from BHP Billiton to emerging juniors in directorship, executive leadership, and operational roles in Australia and internationally. Ms Barnes is a member of the Executive Council of the Association of Mining and Exploration Companies (AMEC) and a member of the Advisory Council for the Curtin University School of Business.	
Other current directorships	Auris Minerals Ltd (ASX: AUR), Non-Executive Chair JC International Group Ltd (ASX: JCI)	
Former directorships in the last 3 years	Windward Resources Limited	
Special responsibilities	Chairman	
Interests in shares and options	Ordinary shares	317,601
	Unlisted options	Nil

Dr Derek Fisher, BSc (Hons), PhD Geology, FAusIMM – Non-Executive Director (former Chairman)		
Experience and expertise	Dr Fisher has more than 45 years' experience in the resources industry, spanning both corporate and operational roles, with a particular emphasis on base metals, gold and industrial minerals. He has played key roles in listing and managing resources companies on both the ASX and TSX as well as identifying, evaluating, developing and operating quality mine developments. Dr Fisher was co-founder and a Director of successful African copper miner Anvil Mining from 1995-2000 and co-founder and CEO/Managing Director of Moly Mines Limited from 2003 until 2012. He was previously Chairman of AMEC for four years and was awarded life membership of the organisation for his contribution to the industry.	
Other current directorships	Nil	
Former directorships in the last 3 years	Nil	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	192,342
	Unlisted options	Nil

Directors' Report

Bruce McFadzean, Dip Mining, FAusIMM – Non-Executive Director		
Experience and expertise	Mr McFadzean has over 30 years' experience in mining and minerals processing across a range of commodities including gold, copper and nickel. Mr McFadzean has had extensive exposure to all levels of operations, including five years with BHP Billiton, ten years with Rio Tinto and overseas roles where he has managed the construction and start-up of several new mining operations. More recently, Mr McFadzean was Managing Director and CEO of Mawson West Limited (TSX: MWE) from October 2012 to February 2015 and Catalpa Resources Limited, now Evolution Mining Limited (ASX: EVN) from June 2008 to January 2012. Mr McFadzean is currently Managing Director of Sheffield Resources Limited (ASX:SFX)	
Other current directorships	Sheffield Resources Limited (ASX:SFX) (Managing Director) Venture Minerals Limited (ASX: VMS) Gryphon Mineral Limited (ASX: GRY)	
Former directorships in the last 3 years	Mawson West Limited (TSX: MWE)	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	93,334
	Unlisted options	Nil

Campbell Baird, B Eng (Mining) Masters Int Fin. – Managing Director (Resigned 12 September 2017)		
Experience and expertise	Mr Baird has been involved in the mining industry for over 25 years. In 2009, Mr Baird joined Focus Minerals Limited, a Western Australian gold producer. During his four years of tenure as CEO, annual gold production increased from 5,000 ounces to 175,000 ounces. This was achieved through organic development and strategic acquisitions. Prior to holding this position, Mr Baird had extensive international experience developing projects in Finland for Vulcan Resources and leading multiple feasibility studies across a range of commodities for SRK Consulting. Mr Baird has a Bachelor of Engineering (Mining) from UNSW and a Masters of International Finance from Curtin University, he is a Member of the AusIMM and AICD and he sits on the Executive Council of AMEC as Treasurer.	
Other current directorships	Nil	
Former directorships in the last 3 years	Focus Minerals Limited Artemis Resources Limited (ASX: ARV)	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares	108,235
	Unlisted options	2,760,287

COMPANY SECRETARY

Stuart McKenzie, LLB, BEc (Hons.), CSA

Stuart McKenzie is a chartered secretary with over 30 years' experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for almost six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Stuart holds a Bachelor of Laws, a Bachelor of Economics and a Graduate Diploma in Applied Corporate Governance. Stuart is also the Company Secretary of Graphex Mining Limited (ASX: GPX).

Directors' Report

DIRECTORS' MEETINGS

The number of Directors' meetings held and the number of meetings attended by each of the Directors during the financial year is shown in the following table:

Meetings of Directors		
Number of meetings attended:	A	B
B Barnes	3	3
D Fisher	10	10
B McFadzean	9	10
C Baird	10	10

Notes

^A Denotes number of meetings attended

^B Denotes number of meetings held during the time the Director held office during the year

As at the date of this report, the Company did not have an Audit and Risk Management Committee or a Nomination and Remuneration Committee. The Board determined that given the size and composition of the Board and the scale of the Company's activities, the functions of an Audit and Risk Management Committee and a Nomination and Remuneration Committee ought to be performed by the Board.

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the Group consisted of exploration for minerals.

OPERATING AND FINANCIAL REVIEW

Information on the operations and financial position of the Group and its business strategies and prospects is set out below.

Operating Results for the Year

A summary of results for the year is shown in the following table:

	2017 \$'000	2016 \$'000
Net loss before income tax	(2,977)	(23,641)
attributable to:		
Other income	262	293
Administrations costs	(1,616)	(3,492)
Exploration and evaluation expenditure	(918)	(2,790)
Impairment of assets	(478)	(17,073)
Business development	(118)	(289)
Depreciation	(108)	(209)
Other	(1)	(81)

Review of Operations

Ntaka Hill Nickel Project

During the year, the Company commenced a review of the Ntaka Hill Nickel Project (**Ntaka Hill**) 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, higher-grade open pit operation without any sterilisation of the larger Mineral Resource, giving the project substantial scalability into the future.

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Ntaka Hill has a substantial nickel sulphide resource with 356,300 tonnes of contained nickel (*ASX announcement 19 August 2013*), comprised of:

- Measured Mineral Resources of 1,124,000 tonnes at 1.74% Ni for 19,500 tonnes of contained nickel;
- Indicated Mineral Resources of 19,199,000 tonnes at 0.51% Ni for 98,380 tonnes of contained nickel; and
- Inferred Mineral Resources of 35,930,000 tonnes at 0.66% Ni for 238,500 tonnes of contained nickel.

In addition to Ntaka Hill, the Company has also identified several regional Nickel anomalies. Mapping suggests the early stage targets are along the same folded D2 structure as Ntaka Hill. The Company is in possession of substantial data sets of geophysics and geochemistry and will continue to review this to further define exploration targets.

Project development at Ntaka Hill is supported by the ability to access existing, good quality infrastructure, including:

- Its location being approximately 220 km by road from the deep-water commercial Mtwara Port, the majority of which is a sealed main road. 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 communications, with 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.
- There are 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.

Naujombo and Kishugu Gold Targets

2016 drilling program

During the first half of the year, the Company released the results of a Rotary Air Blast (**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 hosting the mineralisation. The RAB drilling programs leveraged off previous soil sampling and geophysics programs, including induced polarisation (**IP**) surveys, which strongly indicated that the interpreted surface gold anomalies are coincident with the geophysical anomalies.

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 9.5km of strike at Naujombo (Figure 1) (*ASX announcements 7 May 2015 and 30 November 2015*) and 5.5km of strike at Kishugu (Figure 2). The results indicate that Naujombo and Kishugu are potentially very large gold systems which have the capacity to host significant mineralisation.

Naujombo geophysical analysis

Analysis of data from the IP surveys carried out at Naujombo found a very strong chargeability anomaly in close proximity to the location of attractive gold in soil anomalism, including results of 503 ppb gold in soils (*ASX announcement 10 July 2017*).

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 has informed the formulation of follow up programs at both prospects.

2017 drilling program

During the second half of the year, the Company commenced an Aircore drilling program that was focused on three targets: Naujombo Central (Figure 1), Kishugu Central (Figure 2) and Kishugu South (Figure 2).

All three targets exhibit broad arsenic (pXRF) and gold (Fire Assay) anomalism. First pass RAB drilling in 2016 targeted gold

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mineralisation within the existing geochemical anomalies at both Naujombo and Kishugu and confirmed the presence of gold in the bedrock (ASX announcement 12 October 2016).

The 2017 program was designed to test the top of fresh rock for the presence of gold and primary alteration in order to vector to gold mineralisation in the system.

Figure 1: Naujombo Central Drilling Location

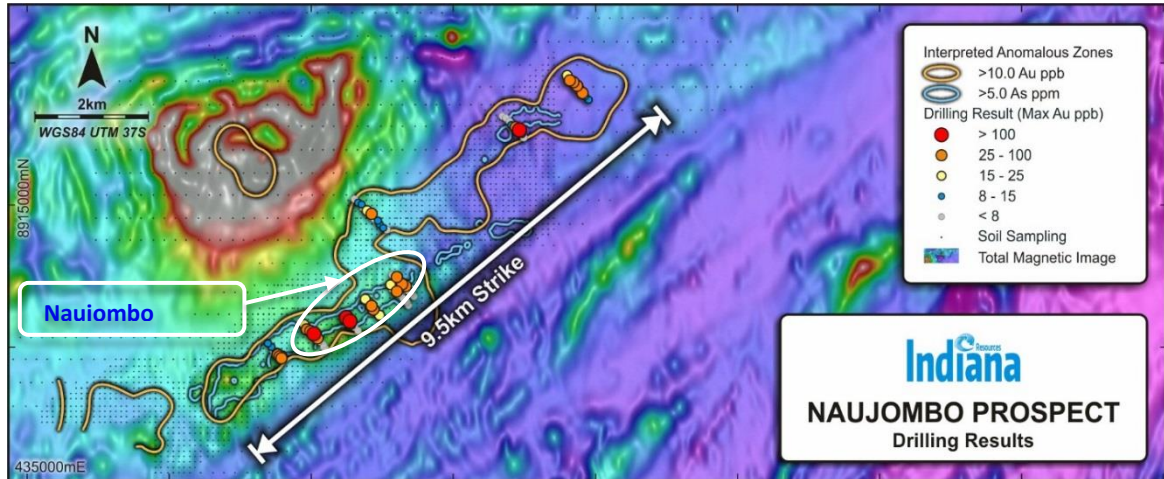
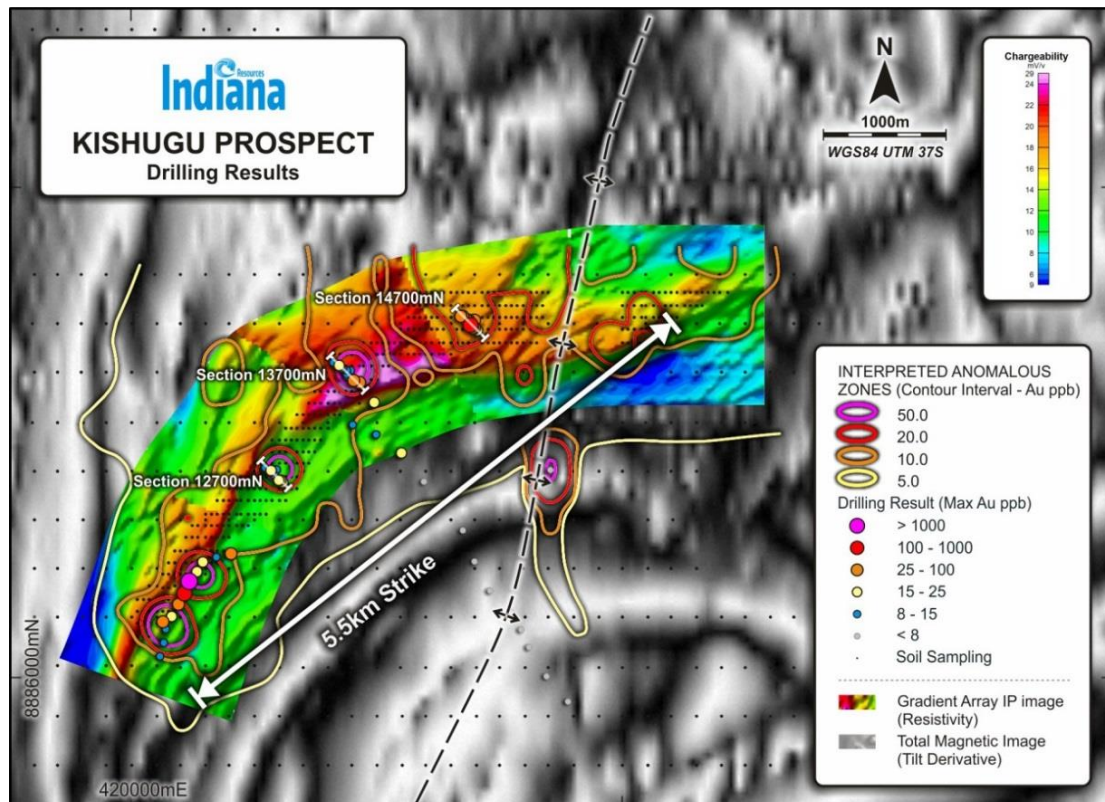


Figure 2: Kishugu Central and Kishugu South Drilling Locations



Discovery of gold-arsenic soil anomaly

Subsequent to year end, the Company announced the discovery of a significant gold-arsenic soil anomaly at Naujombo

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South with a peak value of 503 ppb Au (0.5 g/t Au) (ASX announcement 4 August 2017).

The anomaly, as defined by the 90ppb contour, is 650m to 800m long and between 100m and 200m wide and is along strike from the extensive, coherent, previously identified Naujombo gold-in-soil anomaly, which measures 9.5km by 1km (Figure 3).

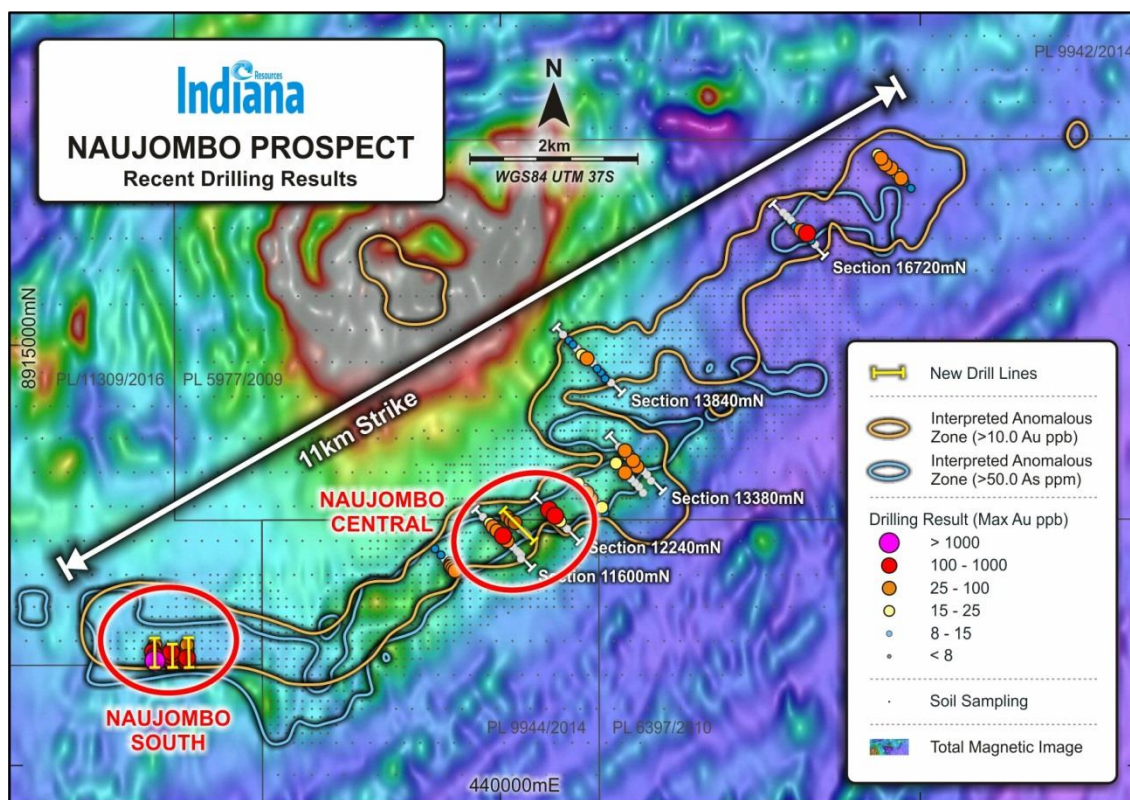
The anomaly is defined by a number of assay results in excess of 100 ppb Au and is coincident with a large arsenic soil anomaly that has been identified by pXRF analysis.

Shortly after commencement of the recent Aircore drilling program, the Company redeployed the rig to Naujombo South where a series of holes were drilled into the anomaly. Three lines of holes were completed across the anomaly before the program was temporarily halted due to uncertainty associated with legislative changes in Tanzania.

These lines were spaced over 600m of strike and gold anomalism was detected on all three lines. The widest zone of anomalism was over 140m and remains open to the east, west and south. Three holes in particular intersected strong levels of anomalous mineralisation.

- NAC17-014: 3m @ 1.01 g/t from 15m (within a larger 19m @ 0.293 g/t from 11m);
- NAC17-015: 8m @ 0.79 g/t from 25m (within a larger 44m @ 0.372 g/t from 4m); and
- NAC17-018: 3m @ 0.84 g/t from 16m.

Figure 3: Naujombo South



Changes to Tanzanian legislation

Subsequent to year end, the Tanzanian Government passed legislation which included a number of changes with respect to the legal and regulatory framework governing the natural resources sector in Tanzania (**Amending Legislation**).

Indiana understands that to a large extent, the Amending Legislation is designed to address the mining and export of precious metals and metal concentrates from existing operations in Tanzania, which have been the focus of a recent review conducted by Presidential Committees.

Key aspects of the Amending Legislation include:

- Depending on the scale of the project and the minerals being mined, the Tanzanian Government may hold a free carried interest of at least 16%;

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- An increase in the royalty rate for certain minerals (including gold and copper) from 4% to 6%;
- Retention of earnings in Tanzania, with repatriation of profits permitted in accordance with Tanzanian law;
- Disputes to be adjudicated in Tanzania under Tanzanian law;
- Local content, corporate social responsibility (CSR) and the requirement for mineral rights' holders to make an integrity pledge; and
- Restrictions on the export of raw resources for beneficiation outside Tanzania.

As an exploration company, a number of the new provisions of the Proposed Legislation are not expected to impact Indiana, as they appear to be targeted at producers of metals and metal concentrates. Regulations that are expected to provide greater clarity on the practical operation of the Amending Legislation are currently being drafted and a new Mining Commission that will have responsibility for all mineral licencing matters is in the process of being formed.

While Indiana remains committed to advancing exploration at Kishugu and Naujombo, due to the uncertainty associated with certain aspects of the Amending Legislation, the Company decided that it was prudent to cease its exploration activities until the impact of the Amending Legislation is fully understood.

Business development

In addition to advancing its current projects, Indiana continues to review new opportunities. With a favourable cost structure and significant board experience, the Company has a strategic advantage in accessing value adding opportunities, in particular, the acquisition of new projects to complement its existing assets. The Company is currently reviewing a number of opportunities to potentially enhance its portfolio of gold exploration assets.

DIVIDENDS

Up until the date of this report, no dividend has been declared or paid by the Company.

STRATEGY

The Group's strategy is to maximise shareholder value through conducting further exploration at Kishugu and Naujombo, reviewing opportunities to deliver shareholder value for Ntaka Hill and identifying opportunities for low cost exploration on other tenements held by the Company in the region.

Ntaka Hill Nickel Sulphide Project

The Company believes that with a remodelling of the existing nickel resource at Ntaka Hill that focuses on mining high-grade material, there is potential for a smaller scale, high-grade operation.

Kishugu and Naujombo Gold Prospects

Kishugu and Naujombo are both individually significant gold anomalies with impressive gold in soils assay results and outstanding geophysical characteristics that warrant further exploration.

Regional Exploration

The Company's focus is primarily on the exploration of Kishugu and Naujombo, however a large body of high quality datasets collected over many years provides an opportunity for targeted exploration at other tenements held by the Company in the region.

Project acquisition

While the Company remains committed to its Tanzanian interests, owing to changes to legislation with respect to the legal and regulatory framework governing the natural resources sector in Tanzania, it has elected to commence a search for a new project outside Tanzania.

SAFETY

Central to management delivering on the Groups strategy is a culture of safety first and a commitment to a safe workplace. The Group places a heavy focus on continually improving underlying safety performance. Contractors and employees, irrespective of their position, are empowered to challenge any colleague if they believe safety is being compromised.

Risks and issues that may impact on the Group achieving its strategy are set out below.

COMMUNITY

Having successfully operated in Tanzania for many years, the Company takes seriously its responsibilities to the communities in which it operates. This extends to maximising the recruitment of local Tanzanians and in-country

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procurement, and investment to support community projects.

Indiana has a full complement of local professionals who carry out exploration, development and management roles. During the 2016 and 2017 exploration programmes, over 50 Tanzanian locals were employed in various capacities, with only one Australian national involved and this was primarily for the purposes of ongoing training and professional support.

While the Company has placed its exploration work on hold, it remains committed to the local communities and is investing in the construction of a market for the Kibutuka Village located in the area of the Kishugu Project. The new market will provide small farmers and local business people with an opportunity to more effectively sell their goods and products. All materials for construction of the market will be purchased from local suppliers and local people will be employed as labourers during the construction phase.

BUSINESS RISKS AND ISSUES THAT AFFECT ACHIEVEMENT OF STRATEGY

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board. The Board believes that it is crucial for all Directors to be a part of this process.

Certain of the Group's operations are speculative due to the nature of the Group's business, the locations in which it operates and the present stage of development of some of the Group's assets. The Group's most significant risks are considered to comprise the following.

Exploration and development of resources / reserves

It is important to note that the mineral tenements of the Group are at various stages of exploration and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the tenements currently held by the Group, or any other tenements that may be acquired in the future by the Group, will result in the discovery of an economic mineral deposit. Furthermore, no assurances can be given that the Group will achieve commercial viability through the successful exploration and / or mining of its tenement interests.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a wide range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, tribal and traditional ownership processes, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend on the Company having access to sufficient development capital to allow for progressing exploration opportunities towards mining operations, being able to maintain title to its licences and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to a diminution in the value of the licences, a reduction in the base reserves of the Company and possible relinquishment of the licences.

The exploration and development costs of the Company are based on certain assumptions with respect to method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially affect the Company's viability.

The Group's ability to grow and to maximise shareholder value for the long term is heavily dependent on its ability to convert its exploration prospects into the development of new mining operations. The focus of development in the short term is on Kishugu, Naujombo and Ntaka Nickel Project and while the Group is confident in its ability to carry out the work required to successfully explore and develop these assets, there remains a risk this will not be achieved, as is normal with these types of projects.

Operating risks

The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in exploration and development, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Political risk

The Company carries out exploration in Tanzania, which has national and regional political jurisdictions. No assurances can be given that exploration activities in Tanzania will continue to be supported by current or future governments.

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Commodity price risk and exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors.

The prices of various services can be denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Liquidity risks and future financings

The further development and exploration of the various mineral licences in which the Group holds interests depend upon the Company's ability to obtain financing through debt financing, equity financing, joint ventures or other means. There is no assurance that the Group will be successful in obtaining required financing as and when needed.

Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of shares and of securities convertible into shares in the future. The increase in the number of shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of shares. In addition, as a result of such additional shares, the voting power of the Company's existing shareholders will be diluted.

Environmental risks

The current and proposed exploration and development activities of the Company are subject to Tanzanian laws and regulations concerning the environment. As with most exploration and development projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

Title risks

The Group's interest in tenements in Tanzania are governed by the country and state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party. Further, the Company is unable to predict the risk of insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity. The effects of such failures may have an adverse effect on the Company's operations.

Logistics and infrastructure

Owing to a shortage of skilled local personnel, the Company engages expatriate workers to perform certain functions in Tanzania. In order to develop any of its exploration properties, the Company will need to establish the facilities and material necessary to support operations in the remote locations in which they are situated. The remoteness of the properties will also affect the potential viability of mining operations, as the Company will also need to establish more significant sources of power, water, physical plant and transport infrastructure in the area. The lack of availability of such sources may adversely affect mining feasibility and may, in any event, require the Company to arrange significant financing, locate adequate supplies and obtain necessary approvals from national regional governments, none of which can be assured.

Estimation of Mineral Resources and Ore Resources

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, metal prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of

Directors' Report

the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in nickel and other base, industrial or precious metals prices, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and / or Ore Reserves, could have a material adverse effect on the Company's financial condition.

Termite Resources NL Liquidation

Refer to Note 17.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant or material changes to the Company's state of affairs not otherwise disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year end, in July 2017, the Tanzanian Government passed Amending Legislation relating to the legal and regulatory framework governing the natural resources sector in Tanzania. In the months following the passing of the Amending Legislation, the detail and scope of those changes remain unclear and while the Company remains committed to its Tanzanian assets, the Board has elected to commence a search for a new project outside Tanzania as an immediate priority. As part of the review of the Company's strategy, on 12 September 2017, Mr Campbell Baird agreed to step down as Managing Director. The Board has commenced the search for a new Managing Director.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, there is nothing else to report, except as reported in the Directors' Report, which relates to likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to 30 June 2017.

ENVIRONMENTAL REGULATION

The Group's exploration and development activities and those of its partners are subject to environmental regulations and guidelines applicable to the tenements on which such activities are carried out. Failure to meet environmental conditions attaching to the Group's exploration tenements could lead to forfeiture of those tenements. The Group is committed to achieving a high standard of environmental performance. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2017.

UNLISTED SECURITIES

	Unlisted options
Balance at 1 July 2016	360,000
Issued during the year	3,978,353
Cancelled or lapsed during the year	(140,000)
Exercised during the year	-
Balance at 30 June 2017	4,198,353
Issued subsequent to year-end	-
Expired subsequent to year-end	120,000
Total number on issue at the date of this report	4,078,353

Directors' Report

The balances of Options on issue at the date of this report are comprised of the following:

Number	Grant Date	Exercise Price	Expiry Date
Unlisted Options			
100,000	17 September 2015	1.50	17 September 2018
318,066	22 July 2016	Nil	22 July 2019
300,000	16 September 2016	\$0.20	22 July 2019
300,000	16 September 2016	\$0.30	22 July 2019
300,000	24 November 2016	\$0.50	22 July 2019
636,011	24 November 2016	Nil	22 July 2021
852,254	24 November 2016	Nil	22 July 2021
1,272,022	24 November 2016	\$0.12	22 July 2021
4,078,353			

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Article 74.1 of the Indiana Constitution allows the Company to indemnify each Director or Officer of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Directors or Officers.

The Group has granted indemnities under Deeds of Indemnity with its current Directors and Officers. In conformity with Article 74.1, each Deed of Indemnity indemnifies the relevant Director or Officer to the full extent permitted by law. Where applicable, each Deed of Indemnity indemnifies the relevant Director, Officer or employee to the fullest extent permitted by law for liabilities incurred whilst acting as a Director, Officer or employee of Indiana, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company.

The Group has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Group.

No indemnity has been granted to an auditor of the Group in their capacity as auditors of the Group.

During the financial year, the Group paid insurance premiums (inclusive of fees and charges) in respect of Directors' and Officers' liability insurance in line with industry norms. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against Officers in their capacity as Officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE GROUP

At the date of this report, there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 19 to the financial statements.

Directors' Report

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 forms part of this financial report and is set out immediately after this directors' report.

COMPETENT PERSONS

The Mineral Resource estimate for Ntaka Hill that was announced on 19 August 2013 was prepared in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC 2012**) by Cube Consulting Pty Ltd of Perth (**Cube**), Western Australia under the supervision of Patrick Adams, B.Sc., Grad Cert. Geostats, CP (GEO), Principal Consulting Geologist. Mr Adams is a registered member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient relevant experience to qualify as a Competent Person under JORC 2012. Mr Adams has verified the data underlying the information contained in this annual report and approves and consents to the inclusion of the data in the form and context in which it appears. Indiana confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 19 August 2013 and that all material assumptions and technical parameters underpinning the estimates in the announcement of 19 August 2013 continue to apply and have not materially changed.

Information in this annual report relating to exploration results at the Naujombo and Kishugu Gold Prospects, located on the Company's tenement package in south-east Tanzania, is based on data collected under the supervision of Mr Mathew Perrot, in his capacity as Exploration Manager. Mr Perrot, BSc, is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person in terms of JORC 2012. Mr. Perrot has verified the data underlying the information contained in this annual report and approves and consents to the inclusion of the data in the form and context in which it appears. The relevant announcements to which information in this annual report on exploration results at Naujombo and Kishugu relate are referenced in the annual report. Indiana confirms that it is not aware of any new information or data that materially affects the information included in those relevant announcements.

ORE RESERVES AND MINERAL RESOURCES GOVERNANCE

The Company reviews its Mineral Resources estimates on an annual basis. The Annual Statement of Mineral Resources (see Review of Operations) is based on and fairly represents, information and supporting documentation prepared by competent persons as explained above and is prepared in accordance with JORC 2012 and the ASX Listing Rules.

Competent Persons named by the Company are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined under JORC 2012.

The Company engages external consultants and Competent Persons to prepare and calculate estimates of its Mineral Resources. These estimates and underlying assumptions are reviewed by the Directors and management for reasonableness and accuracy. The results of the Mineral Resources estimates are then reported in accordance with JORC 2012 and the ASX Listing Rules. Where material changes occur during the period to a project, including the project's size, title, exploration results or other technical information, previous resource estimates and market disclosures are reviewed for completeness. The Company reviews its Mineral Resources as at 30 June each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources, a revised estimate will be prepared as part of the annual review process.

Directors' Report

A handwritten signature in black ink, reading "Bd Barnes." The signature is written in a cursive, flowing style.

Bronwyn Barnes
Chairman of the Board
PERTH
On the 26th day of September 2017

Remuneration Report

Glossary of key terms

Key terms and abbreviations used in the Directors' Report and Remuneration Report as they apply to the Group are set out below.

Term	Definition
AGM	Annual General Meeting of the Company's shareholders.
Board	The Board of Directors of the Group.
Board Committee	A committee of the Board.
CEO	The Chief Executive Officer of the Group.
Corporations Act	An act of the Commonwealth of Australia to make provision in relation to corporations and financial products and services and other purposes.
Director	A Director of Indiana Resources Limited.
Executives	The current and former Managing Directors, and Group Executives are collectively referred to as Executives.
Indiana Shares	A fully paid ordinary share in the capital of the Company.
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
KPI	Key Performance Indicator
Long-term Incentive (LTI)	A remuneration arrangement which grants benefits to participating employees that may vest if, and to the extent that, performance hurdles are met over a designated period of time.
NRC	Nomination and Remuneration Committee of the Board.
Performance Rights	Rights to acquire an Indiana Share with no payment by the recipient if relevant performance hurdles are met.
Share Appreciation Right	A right granted to an employee with an entitlement on vesting to reward of a payment equal to the difference between the Share Price at exercise and the Share Price at grant. The Company proposes to settle Share Appreciation Rights with the issue of Indiana Shares.
Short-term Incentive (STI)	A remuneration arrangement which grants benefits to participating employees that may vest if, and to the extent that, performance hurdles are met over a period of time not longer than 12 months.
Total Fixed Remuneration	Consists of base salary plus employer contributions to superannuation.

Remuneration Report

REMUNERATION REPORT (AUDITED)

The Directors of Indiana present the Remuneration Report for the Group for the financial year ended 30 June 2017. This Remuneration Report forms part of the Directors' Report and has been prepared in accordance with the disclosure requirements of the *Corporations Act 2001*.

The Board has determined that owing to its size and composition, and the scale of the Company's activities, it is not appropriate to have a Nomination and Remuneration Committee of the Board. As a result, the responsibility for remuneration and performance of key management personnel (**KMP**) is now the responsibility of the Board.

1.0 Details of key management personnel

This Remuneration Report sets out information relating to the remuneration of the KMP of the Group during the 2017 financial year. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Group, directly or indirectly. The KMPs include the persons who were the Non-Executive Directors, Managing Director and Executives of the Company during the 2017 financial year (or part of the 2017 financial year), as set out below.

Key management personnel

Name	Position	Details if changed position during 2017 financial year
Campbell Baird	Managing Director	N/A

Non-Executive Directors during 2017 financial year

Name	Position	Details if changed position during 2017 financial year
Bronwyn Barnes	Chairman	Appointed Chairman 5 April 2017
Derek Fisher	Director	Stepped down as Chairman 5 April 2017
Bruce McFadzean	Director	N/A

2.0 Overview of approach to remuneration

The Group's approach to remuneration is designed to attract and retain key executive talent, recognise the individual contributions of the Group's people, and motivate them to achieve strong performance aligned to our business strategy, whilst discouraging excessive risk taking.

In summary, the Group's approach to remuneration is to:

- Provide remuneration that is competitive and consistent with market standards;
- Align remuneration with the Company's overall strategy and shareholder interests;
- Reward superior performance within an objective and measurable incentive framework;
- Ensure that Executives understand the link between individual reward and Group and individual performance; and
- Apply sufficiently flexible remuneration practices that enable the Company to respond to changing circumstances.

All entitled KMP's remuneration is comprised of the following:

- Fixed:
 - contractual salary
 - legislated superannuation guarantee (9.5% of gross salary for 2017)
- At risk component:
 - STIs – described further in 3.1
 - LTIs – described further in 3.2

2.1 Nomination and Remuneration Committee

Given the size and composition of the Board, all responsibilities formerly performed by a Nomination and Remuneration Committee are performed by the Board.

Remuneration Report

2.2 Use of remuneration consultants

In performing its role, the Board seeks advice from independent remuneration consultants where appropriate, to make recommendations as to the nature and amount of remuneration payable to KMPs. Remuneration consultants are engaged by, and report directly to, the Board. In 2017, the Board did not engage an independent remuneration consultant to review the Company's entire remuneration structure. The Board is of the opinion that current remuneration levels remain relevant and within industry norms.

3.0 Performance based remuneration

The Company considers performance based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives.

3.1 Short-term performance

The STI scheme operates to link performance and reward with key measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with the Group's objectives.

During the 2017 financial year, the applicable performance indicators related to the following areas of the Group's activities, performance against which determines STI outcomes:

- Financial performance of the Company.
- Leadership, management, business development and reporting.
- Contribution to corporate strategy, including effectiveness in identifying and implementing corporate and commercial opportunities for the Company.
- The success of, and commitment to, active marketing and promoting of the Company with the investment community and financial intermediaries.
- Ability to develop and maintain good relationships with the investment community including investors, financiers, stock brokers, analysts, service providers and contractors, and all relevant government, governmental agencies, authorities and other key stakeholders.
- Employing and retaining a dedicated and capable staff for the Company and maintaining a high level of staff morale.

The STI performance objectives are communicated to Executives and eligible employees at the beginning of the twelve month performance period, with performance evaluations conducted following the end of the respective twelve month performance period.

3.2 Long-term performance

The remuneration structure also seeks to drive executive performance through the award of equity based remuneration as long-term incentives in a manner which is aligned with shareholder interests. A structured LTI scheme based on equity based remuneration of KMPs is in place. Vesting criteria for LTI awards include various performance hurdles, such as:

- Over 24 months, unlock a potential Resource at either Kishugu or Naujombo.
- Achieve value creation for shareholders with the Ntaka Hill, Nickel Project.
- Rationalise, review and reduce the Company's landholding in Tanzania, through Joint Venture, sale or relinquishment.
- Develop a new strategic direction for the company, if Tanzanian gold exploration is unsuccessful.

4.0 Managing Director and Executive remuneration and employment arrangements

4.1 Managing Director remuneration

Mr Baird was appointed as Managing Director on 15 June 2016. The terms of Mr Baird's contract were determined by the Board and are set out in section 4.2.

Details of Mr Baird's remuneration are shown in section 6.0.

Remuneration Report

4.2 Executives and KMP during the period

The remuneration arrangements for Executives are formalised in employment contracts. These contracts provide for the payment of annual fixed remuneration and for the participation, at the Board's discretion, in the STI scheme and LTI scheme.

The only Executive of the Company is Campbell Baird, the Managing Director. The key terms of employment for Mr Baird for the 2017 financial year are set out below:

Name	Term of Contract	Notice period by either party	Maximum STI opportunity	Maximum LTI opportunity	Base salary including superannuation
Campbell Baird ⁽¹⁾	Permanent	Twelve (12) weeks	67%	100%	\$164,250

⁽¹⁾ Base salary quoted is current as of the date of this report.

Any termination entitlements do not deliver windfall payments on termination that are unrelated to performance. The STI and LTI Policy states that subject to the Board's discretion, employees are not entitled to an award under the scheme where they cease employment (other than upon redundancy or a Change of Control event) or have given notice prior to the date on which STI awards are paid.

5.0 Non-Executive Director remuneration

Non-Executive Directors are paid fees at market rates for comparable companies in recognition of their contribution as Non-Executive Directors. The Board annually reviews the remuneration of Non-Executive Directors and Non-Executive Directors may seek independent external advice as required. The annual fee for Non-Executive Directors remained fixed in 2016 and 2017.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders and is currently set at \$500,000 (as approved by shareholders on 29 October 2008).

Non-Executive Directors fees for the 2017 financial year were set by the Board as follows:

	Non- Executive Chairman (\$ per year)	Non-Executive Director (\$ per year)
Base fee rate	50,000 – 72,000	49,500

The Board has determined that should a Non-Executive Director incur or be asked to incur excessive time in assisting the Executive team on specific matters, the Non-Executive Director is entitled to charge the Company for this additional time. If a Non-Executive Director is requested to perform such duties they must be approved by the Chairman and Managing Director. The Board has also agreed that payments to Non-Executive Directors for the provision of such services shall be on reasonable commercial terms.

Voting and comments made at the company's 2016 Annual General Meeting

At the 2016 AGM, 98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional information

The loss of the Group for each of the five years to 30 June 2017 is summarised below:

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Revenue	262	293	4,200	189	193,568
EBITDA	(2,869)	(23,417)	(5,361)	(11,593)	(4,862)
EBIT	(2,978)	(23,626)	(5,600)	(15,603)	(25,210)
Loss after income tax	(2,977)	(22,792)	(5,696)	(23,230)	(27,458)

Remuneration Report

The factors that are considered to affect total shareholders return are summarised below:

	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Share price at financial year end (\$) ⁽¹⁾	0.095	0.115	0.012	0.022	0.060
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(6.9)	(1.81)	(0.93)	(5.00)	(7.00)

(1) The share price is based on a post consolidation basis of 50:1

6.0 Total Rewards Table: 2017 financial year

	Short Term		Post-Employment	Bonus (one off payments)	Termination	Share Based Payments (SBP) ⁽⁶⁾	Total
	Salary & Fees	Non-Monetary	Super				
	\$	\$	\$	\$	\$	\$	\$
Directors							
B Barnes ⁽¹⁾	12,500	-	-	-	-	-	12,500
D Fisher ⁽¹⁾	66,625	-	-	-	-	-	66,625
B McFadzean	49,500	-	-	-	-	-	49,500
C Baird	150,000	-	14,250	-	-	165,481	329,731
Total	278,625	-	14,250	-	-	165,481	458,356

(1) Ms Barnes was appointed as Non-Executive Chairman on 5 April 2017, replacing Dr Fisher who became a Non-Executive Director

7.0 Total Rewards Table: 2016 financial year

	Short Term		Post-Employment	Bonus (one off payments)	Termination	Share Based Payments (SBP) ⁽⁵⁾	Total
	Salary & Fees	Non-Monetary	Super				
	\$	\$	\$	\$	\$	\$	\$
Directors							
D Fisher	72,000	-	-	-	-	56	72,056
B McFadzean	49,500	-	-	-	-	-	49,500
C Baird ⁽¹⁾	6,250	-	594	-	-	-	6,844
N Corlis ^{(2) (4)}	188,551	-	17,699	-	-	(1,523)	204,727
P Hoskins ^{(2) (4) (6)}	206,866	-	17,699	-	-	(27,351)	197,214
Other key management personnel							
S McKenzie ^{(3) (4)}	147,565	-	25,000	-	-	(11,898)	160,667
Total	670,732	-	60,992	-	-	(40,716)	691,008

⁽¹⁾ Mr Baird was appointed on 15 June 2016

⁽²⁾ Mr Corlis resigned on 14 June 2016

⁽³⁾ Mr McKenzie resigned on 9 June 2016

⁽⁴⁾ The share based payments of the three executives comprised three components: grant of Performance Rights, Share appreciation rights and cashless options under the STI scheme that vest subject to performance against agreed KPIs.

⁽⁵⁾ These equity-settled share based payments include negative amounts for options and rights forfeited during the year.

⁽⁶⁾ Mr Hoskins was appointed on 20 October 2015 and resigned on 14 June 2016

Remuneration Report

8.0 Equity based compensation and holdings

As part of the remuneration policy, the Company may, at the determination of the Board, grant equity based compensation to KMPs and Group employees. Securities and derivatives granted under the current Option Plan carry no dividend or voting rights and when vested are converted into Indiana Shares in accordance with the terms and conditions of the applicable plan.

During the 2017 financial year, Options were granted to the Managing Director as equity based compensation. There were no alterations to the terms and conditions of previously granted Options. Details of vesting profiles of the Options granted as remuneration to each KMP are shown below.

Remuneration Report

2017		Balance at the start of the period		Vested			Forfeited		Other changes	Balance at end of period	
Name and Grant dates	Type of security	Unvested	Granted as compensation	Number	%	Exercised	Number	%		Vested	Unvested
C. Baird 24-Nov-16	Options	-	2,760,287	(636,011)	23	-	-	-	-	636,011	2,124,276

Fully Paid Shares					
	Balance 1 July 2016	Issued	Other Changes	Balance on appointment/ resignation	Balance 30 June 2017
Specified Directors:					
B Barnes	-	-	317,601	-	317,601
D Fisher	192,342	-	-	-	192,342
B McFadzean	93,334	-	-	-	93,334
C Baird	-	-	108,235	-	108,235
Total	285,676	-	425,836	-	711,512

Remuneration Report

9.0 Other transactions with key management personnel and their related parties

i) Receivable from and payable to key management personnel and their related parties are as follows:

The following balances are outstanding at the reporting date in relation to transactions with key management personnel and their related parties:

	30 June 2017
	\$
Director's fee payable to Trillium Consulting ⁽¹⁾	12,625
Total payable	12,625

(1) Derek Fisher is a director of this company.

ii) Transactions with key management personnel and their related parties

Mr B McFadzean is the Managing Director of Sheffield Resources Limited, a business that sublets premises previously occupied by the Company. The total rental income received from Sheffield Resources in the financial year ended 2017 was \$181,159. The sublease arrangement terminated prior to year end.

iii) Loan with key management personnel and their related parties

There is no loan with key management personnel and their related parties noted during the year.

10.0 Analysis of bonuses included in remuneration

During the financial year, there was no payment of bonuses in cash or otherwise.

END OF AUDITED REMUNERATION REPORT

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement, which sets out the Company's approach to corporate governance and the extent to which it has followed the ASX Corporate Governance Principles and Recommendations (3rd edition), is available on the Company's website at www.indianaresources.com.au.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2017	Notes	2017 \$'000	2016 \$'000
CONTINUING OPERATIONS			
Other income	2(a)	262	293
Business development		(118)	(289)
Corporate and administration expenses		(1,616)	(3,492)
Depreciation expense		(108)	(209)
Exploration expenses		(918)	(2,790)
Impairment of exploration and evaluation assets	7	-	(16,919)
Impairment of other assets		(478)	(154)
Other expenses	2(b)	(1)	(81)
LOSS BEFORE TAX		(2,977)	(23,641)
Income tax benefit	3(a)	-	849
NET LOSS FOR CONTINUING OPERATIONS		(2,977)	(22,792)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of tax		6	988
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(2,971)	(21,804)
Net loss is attributable to:			
Owners of Indiana Resources Limited		(2,977)	(22,792)
Non-controlling interest		-	-
		(2,977)	(22,792)
Total comprehensive loss is attributable to:			
Owners of Indiana Resources Limited		(2,042)	(20,863)
Non-controlling interest	13	(929)	(939)
		(2,971)	(21,802)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)	18	(6.9)	(90.7)
Diluted loss per share (cents)	18	(6.9)	(90.7)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2017	Notes	2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	4	1,063	685
Trade and other receivables	6	511	1,458
TOTAL CURRENT ASSETS		1,574	2,143
NON-CURRENT ASSETS			
Exploration and evaluation expenditure assets	7	6,700	6,700
Plant and equipment	8	221	337
TOTAL NON-CURRENT ASSETS		6,921	7,037
TOTAL ASSETS		8,495	9,180
CURRENT LIABILITIES			
Trade and other payables	9	517	878
Provisions	10(a)	4	167
TOTAL CURRENT LIABILITIES		521	1,045
TOTAL LIABILITIES		521	1,045
NET ASSETS		7,974	8,135
EQUITY			
Contributed equity	11	10,053	7,484
Reserves	12(a)	5,024	4,767
Retained earnings	12(b)	(8,032)	(5,055)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		7,045	7,196
Non-controlling interest	13	929	939
TOTAL EQUITY		7,974	8,135

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2017

	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share Based Equity Reserve \$'000	Other Equity Reserve \$'000	Retained Earnings \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
Balance at 30 June 2015	126,399	3,444	5,697	(3,940)	(107,044)	4,227	28,783
Total comprehensive income for the year							
- Loss for the year	-	-	-	-	(22,792)	-	(22,792)
- Foreign exchange translation differences	-	1,275	-	-	-	(287)	988
Total comprehensive income 30 June 2016	-	1,275	-	-	(22,792)	(287)	(21,804)
Transactions with owners in their capacity as owners:							
- Issue of shares net of transaction costs	4,956	-	-	-	-	-	4,956
- Capital reduction	(119,981)	-	-	-	119,981	-	-
- In-specie distribution of shares to shareholders	(4,000)	-	-	-	-	-	(4,000)
- Liability extinguished via share issue	110	-	-	-	-	-	110
- Options reserve transferred to retained earnings	-	-	(4,800)	-	4,800	-	-
- Employee share based payments	-	-	35	-	-	-	35
- Contractor share based payments	-	-	55	-	-	-	55
- Equity attributed to minority interest	-	-	-	3,001	-	(3,001)	-
Balance at 30 June 2016	7,484	4,719	987	(939)	(5,055)	939	8,135
Total comprehensive income for the year							
- Loss for the year	-	-	-	-	(2,977)	-	(2,977)
- Foreign exchange translation differences	-	6	-	-	-	-	6
Total comprehensive income 30 June 2017	-	6	-	-	(2,977)	-	(2,971)
Transactions with owners in their capacity as owners:							
- Issue of shares net of transaction costs	2,569	-	-	-	-	-	2,569
- Employee share based payments	-	-	165	-	-	-	165
- Contractor share based payments	-	-	76	-	-	-	76
- Equity attributed to minority interest	-	-	-	10	-	(10)	-
Balance at 30 June 2017	10,053	4,725	1,228	(929)	(8,032)	929	7,974

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2017	Note s	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,315)	(3,988)
Interest and other receipts		256	260
Receipt of research and development rebate		458	390
Payment of exploration expenditure		(1,589)	(3,648)
Net cash outflow from operating activities	14	(2,190)	(6,986)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		-	(27)
Proceeds from the sale of tenement		-	1,000
Net cash inflow from investing activities		-	973
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares in Indiana Resources		2,705	5,390
Direct costs of equity issues		(136)	(434)
Net cash inflow from financing activities		2,569	4,956
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
		379	(1,057)
Opening cash and cash equivalents		685	1,745
Effect of foreign exchange movement on cash		(1)	(3)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	4	1,063	685

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements as at and for the year ended 30 June 2017 comprise Indiana Resources Limited (**Indiana** or the **Company**) and its subsidiaries (together referred to as the **Group** and individually as **Group entities**) and the Group's interest in associates and jointly controlled entities. Disclosures relating to the Company are included at Note 15 to these financial statements.

Indiana is a for-profit company domiciled in Australia, with its registered address at Suite 4, Level 1, 2 Richardson Street, West Perth, Australia. The Group is primarily involved in the exploration for minerals.

This financial report was authorised for issue in accordance with a resolution of the Directors on 26 September 2017.

(a) BASIS OF PREPARATION

(i) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for share based payments (see Note 24).

(iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are detailed at Note 1(b) below.

(v) Changes in accounting policies

All mandatory new Accounting Standards and Pronouncements effective for financial years commencing 1 July 2016 were adopted in full by the Group.

None of the standards that applied for the first time materially changed the accounting policies or disclosure of the Group.

(vii) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Directors' assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Notes to the Financial Statements

30 JUNE 2017

(a) BASIS OF PREPARATION (Continued)

(vii) New Accounting Standards and Interpretations not yet mandatory or early adopted (Continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and has assessed on the impact to the subsequent years financial statements which will be immaterial.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018. As the Group does not have any revenue contracts it is expected the impact will be insignificant.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. The Company does not have material operating leases with a term 12 months or longer. Therefore it is expected the impact will be insignificant.

Notes to the Financial Statements

30 JUNE 2017

(b) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant Notes to the financial statements.

Critical accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors.

Factors that could impact future recoverability include the level of reserves and resources future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices and foreign exchange rates.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

Critical judgements in applying the Group's accounting policies

Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with accounting policy at Note 1(j). Determination of an entity's functional currency requires judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Indiana (the parent entity) as at 30 June 2017 and the results of all subsidiaries for the year ended. Indiana and its subsidiaries together are referred to in this financial report as the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Investments in associates and jointly controlled entities (equity accounted investees)

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Notes to the Financial Statements

30 JUNE 2017

c) BASIS OF CONSOLIDATION (Continued)

(iii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the parent entity disclosures of Indiana Resources Limited, less impairment provisions.

(d) PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to a working condition for their intended use.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation of plant and equipment is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) IMPAIRMENT

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Costs arising from the acquisition of exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration activities are expensed as incurred.

Notes to the Financial Statements

30 JUNE 2017

(f) EXPLORATION, EVALUATION AND DEVELOPMENT COSTS (Continued)

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group.

All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resource in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area.

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

(g) OPERATING LEASES

Operating leases are not recognised in the Group's Consolidated Statement of Financial Position.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

A provision for onerous lease contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected new cost of continuing the lease (refer to Note 1(l)).

(h) INCOME TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Company and its wholly owned Australian resident entities are not part of a tax consolidated group.

Notes to the Financial Statements

30 JUNE 2017

(i) OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**) or value added tax (**VAT**), unless the GST / VAT incurred is not recoverable from taxation authorities. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST / VAT receivable or payable. The net amount of GST / VAT recoverable from, or payable to, taxation authorities is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows inclusive of GST / VAT. The GST / VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST / VAT recoverable from, or payable to taxation authorities. The net of GST / VAT payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(j) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss. However, foreign currency differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(k) ACCOUNTS PAYABLE

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

30 JUNE 2017

(l) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(m) EMPLOYEE BENEFITS

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

The fair value of options previously granted under the Indiana Resources Limited Option Plan and equity instruments previously granted under the Indiana Resources Limited Performance Rights and Share Appreciation Rights Plan are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Similarly, share appreciation rights are valued by using the same parameters in a Monte Carlo simulation.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

(n) REVENUE RECOGNITION

Interest revenue is recognised as it accrues in profit or loss, using the effective interest method.

Revenue from sale of goods and disposal of assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured. This is generally when title passes.

(o) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Notes to the Financial Statements

30 JUNE 2017

(o) TRADE AND OTHER RECEIVABLES (Continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(p) EARNINGS PER SHARE (EPS)

Basic earnings per share

Basic EPS is calculated as the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) CASH AND CASH EQUIVALENTS

For the presentation of the Consolidated Statement of Cash Flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(r) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets in the following categories:

- Loans and receivables;
- Available-for-sale financial assets; and
- Cash and cash equivalents.

Notes to the Financial Statements

30 JUNE 2017

(r) FINANCIAL INSTRUMENTS (Continued)

(i) Non-derivative financial assets (Continued)

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity investments, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investment in equity securities, excluding financial assets at fair value through profit or loss and investments accounted for using the equity method, are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity, net of related tax. Impairment losses are recognised in the profit or loss.

When an investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated statement of comprehensive income. Fair value is determined by reference to the quoted price at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans from related parties and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(s) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) INTERESTS IN JOINT VENTURES

The Group's interest in unincorporated joint ventures and jointly controlled assets are brought to account by being included in the respective classifications, the share of individual assets employed, and liabilities and expenses incurred.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operations.

Notes to the Financial Statements

30 JUNE 2017

(u) SEGMENT REPORTING

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(v) PARENT ENTITY INFORMATION

The financial information for the parent entity, Indiana Resources Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements.

(w) ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91, 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.

Notes to the Financial Statements

30 JUNE 2017

2. INCOME AND EXPENSE ITEMS

Notes	2017 \$'000	2016 \$'000
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Net loss included the following items of revenue and expense:

(a) Other Income

Interest income	14	14
Fringe benefits tax	-	35
Income from sublease	243	244
Other	5	-
	<u>262</u>	<u>293</u>

(b) Other Expenses

Loss on disposal of assets	-	62
Foreign exchange loss	1	4
Interest expense	-	15
	<u>1</u>	<u>81</u>

(c) Employee benefits expense

Salaries	423	1,515
Share based payments	90	34
Superannuation	14	88
Changes in leave provision	(7)	(13)
Other	-	77
	<u>520</u>	<u>1,701</u>

The Group contributes to superannuation for employees in accordance with the Government Superannuation Guarantee Legislation. The Group has no obligation to meet any shortfall in a superannuation fund's obligations to provide benefits to employees on retirement.

Notes to the Financial Statements

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3. INCOME TAX

2017	2016
\$'000	\$'000

(a) Numerical reconciliation between aggregate tax expenses recognised in the consolidated statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting Loss Before Tax	(2,977)	(23,641)
At the parent entity's statutory income tax rate of 30% (2016: 30%)	(893)	(1,709)
Non-deductible expense - share based payments	72	26
Deferred tax assets not recognised	821	1,580
Research and development rebate	-	849
Income tax benefit	-	849

No income tax is currently payable by the Group. The Directors have considered it prudent not to bring to account the deferred tax asset related to income tax losses and exploration deductions until it is probable that assessable income will be earned of a nature and amount to enable such benefit to be realised. Losses in relation to the remainder of the Group have not been brought to account. Unrecognised deferred tax assets in relation to Australia are \$17.2 million (2016: \$16.7 million), and Tanzania \$19.0 million (2016: \$18.6 million).

Deferred tax at 30 June 2017 relates to the following:

(b) Deferred tax assets

Accruals	30	36
Onerous lease	-	53
Annual, long service leave & superannuation	1	3
Section 40-880 costs	76	67
Carried forward tax losses	35,732	35,342
Carried forward losses and other temporary differences not brought to account as a deferred tax asset	(35,839)	(35,501)
Gross deferred tax asset	-	-
Set-off against deferred tax liability	-	-
Net deferred tax asset	-	-

Notes to the Financial Statements

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4. CASH AND CASH EQUIVALENTS

	2017 \$'000	2016 \$'000
Cash at bank	563	592
Cash on deposit	500	93
	<u>1,063</u>	<u>685</u>

Refer to Note 23 for the Group's exposure to interest rate and credit risk.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

Up until the date of this report, no dividend has been declared or paid by the Company.

6. TRADE AND OTHER RECEIVABLES

Accounts and other receivables	234	310
Research and development rebate	-	458
Accrued interest	1	1
Prepayments	24	13
Security bonds	130	196
Goods and services tax and fuel tax credits receivable	122	480
	<u>511</u>	<u>1,458</u>

7. EXPLORATION & EVALUATION EXPENDITURE ASSETS

Exploration & evaluation expenditure assets	6,700	6,700
	<u>6,700</u>	<u>6,700</u>
<i>Reconciliation of exploration and evaluation expenditure assets</i>		
Carrying amount at beginning of year	6,700	27,710
Disposals	-	(5,000)
Impairment	-	(16,919)
Effect of movements in exchange rates	-	909
Carrying amount at the end of the year	<u>6,700</u>	<u>6,700</u>

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, of which \$1 million was received in cash and \$4 million in Graphex shares that were subsequently distributed in-specie to Indiana's shareholders.

Notes to the Financial Statements

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8. PLANT AND EQUIPMENT

	Plant and Equipment \$'000	Furniture and Fittings \$'000	Motor vehicles \$'000	Total \$'000
Year ended 30 June 2017				
Carrying amount at beginning of year	272	27	38	337
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(94)	(14)	-	(108)
Foreign Currency movement	(7)	-	(1)	(8)
Carrying amount at end of year	171	13	37	221
Cost	1,005	124	163	1,292
Accumulated depreciation	(834)	(111)	(126)	(1,071)
Carrying amount	171	13	37	221
Year ended 30 June 2016				
Carrying amount at beginning of year	570	114	37	721
Additions	23	4	-	27
Disposals	(164)	(62)	-	(226)
Depreciation expense	(178)	(31)	-	(209)
Foreign Currency movement	21	2	1	24
Carrying amount at end of year	272	27	38	337
Cost	1,045	127	169	1,341
Accumulated depreciation	(773)	(100)	(131)	(1,004)
Carrying amount at end of year	272	27	38	337

9. TRADE AND OTHER PAYABLES

	2017 \$'000	2016 \$'000
Trade creditors	180	680
Accrued expenses	337	177
Other creditors	-	21
	517	878

Included in trade creditors and accruals is an amount totalling \$301,624 in legal costs relating to the Termite matter disclosed in Note 17. This amount is covered by the Company's Directors and officer's insurance policy. Therefore this amount has also been recognised in trade and other receivables in Note 6.

10. PROVISIONS

(a) Current

Employee benefits	4	11
Onerous contract ⁽¹⁾	-	156
	4	167

(1) The onerous contract related to leased office space at 41 Colin St, West Perth. The premises at 41 Colin Street, West Perth was subsequently sub-let for \$128,280 pa. The head lease cost to the company is \$346,655. The differential was due to the significant increase in vacancy rates across West Perth and the corresponding fall in the market rates for leases of commercial property. An onerous lease liability had been recognised for the net present value of the difference between the contracted amounts to the expiry of the leases on May 2017.

Notes to the Financial Statements

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11. CONTRIBUTED EQUITY

	2017		2016	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	53,872,727	10,053	31,337,216	7,484
(b) Movement in Fully Paid Ordinary Shares				
Beginning of the financial year	31,337,216	7,484	827,826,028	126,399
Shares issued under the Employee share scheme ⁽²⁾	-	-	24,576,350	-
Issue of shares, net of cost ⁽¹⁾	22,535,511	2,569	705,262,592	4,956
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)	-
End of the financial year	53,872,727	10,053	31,337,216	7,484

- ⁽¹⁾ 30 June 2017: Issue of 12,000,966 shares at a price of 12 cents per share under a share placement and share purchase plan between 22 August 2016 and 16 September 2016.
Issue of 10,534,545 shares under a share placement offer at a price of 12 cents per share between 11 April 2017 and 26 April 2017.
30 June 2016: 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⁾ Shares 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 distributed in-specie to Indiana shareholders.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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. Upon a poll, each fully paid share shall have one vote and each partly paid share shall have such number of votes as bears the same proportion to the total of such shares as the amount of the issue price thereof paid up bears to the total issue price. There are no partly paid shares on issue.

(d) Capital Management

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. During the year, the Company's primary focus was on exploration at the Kishugu and Naujombo Gold Prospects. While the Company aims to minimise shareholder dilution, the Company is currently reliant on raising capital from existing and new shareholders to implement its strategy.

The Company has welcomed equity holdings from all major stakeholders so that our goals are aligned and have a vested interest in the Company's success. Current stakeholders that are also equity holders include major suppliers for exploration, project management and feasibility studies advisors, Corporate advisors, Directors, Management and staff of the Company.

The Company monitors its total shares on issue, market capitalisation and enterprise value on a regular basis so as to find the critical balance of having its strategy fully funded and minimising existing shareholder dilution.

Notes to the Financial Statements

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12. RESERVES AND ACCUMULATED LOSSES

	2017	2016
	\$'000	\$'000
(a) Reserves		
Foreign currency translation reserve	4,725	4,719
Share based equity reserve	1,228	987
Other equity reserve	(929)	(939)
	<u>5,024</u>	<u>4,767</u>
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	4,719	3,444
Currency translation differences arising during the year, net of tax	6	1,275
Balance at end of year	<u>4,725</u>	<u>4,719</u>
<i>Share based equity reserve</i>		
Balance at beginning of year	987	5,697
Employee Performance Rights	-	35
Employee Options	165	55
Transfer reserves to retained earnings	-	(4,800)
Issued to consultants for services	76	-
Balance at end of year	<u>1,228</u>	<u>987</u>
<i>Other Equity Reserve</i>		
Balance at beginning of year	(939)	(3,940)
NCI on exploration and evaluation asset	10	3,001
Balance at end of year	<u>(929)</u>	<u>(939)</u>
(b) Retained Earnings		
Balance at beginning of year	(5,055)	(107,044)
Net loss attributable to members of Indiana	(2,977)	(22,792)
Capital reduction	-	119,981
Option reserve transfer	-	4,800
Balance at end of year	<u>(8,032)</u>	<u>(5,055)</u>

(c) Nature and Purpose of Reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based equity reserve

The share based remuneration reserve is used to recognise the fair value of Options, Share Appreciation Rights and Performance Rights issued. As at 2016 year end, for all options which had expired, the reserve balance was transferred to retained earnings.

(iii) Other equity reserve

The other equity reserve is used to recognise the value of the non-controlling interest share of the Group's Exploration asset.

Notes to the Financial Statements

30 JUNE 2017

13. NON-CONTROLLING INTERESTS

	2017 \$'000	2016 \$'000
Interests in:		
Exploration and evaluation assets	929	939
	<u>929</u>	<u>939</u>

The closing balance for the 2017 financial year is due to a joint venture agreement with MMG which holds an effective economic interest in the Company's Tanzanian tenements of 13.86% through its 16.66% shareholding in Nachingwea UK Limited.

14. STATEMENT OF CASH FLOWS

Reconciliation of Net Loss after Tax to Net Cash used in Operating Activities

Loss after income tax	(2,977)	(22,792)
Add / (deduct) non-cash items:		
Depreciation	108	209
Impairment of exploration and evaluation asset	-	16,919
Impairment of other asset	472	154
Liability extinguished via shares	-	110
Share based payments	241	89
Loss on sale of assets	-	227
Net exchange differences	21	(95)
Changes in assets and liabilities:		
Receivables	469	(438)
Payables	(340)	(754)
Provisions	(184)	(615)
Net cash flows used in operating activities	<u>(2,190)</u>	<u>(6,986)</u>

Non cash investing and financing activities

During the 2017 year, there was no non-cash investing and financing activities.

During the 2016 year, 9,166,666 shares were issued to Director Dr Derek Fisher with a value of \$110,000. The shares were issued in settlement of an outstanding invoice for \$34,500 in consulting fees and \$75,500 in unpaid Directors fees.

Notes to the Financial Statements

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15. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

Name	Country of incorporation	Class of shares	Equity Holding	
			2017 %	2016 %
Backyard Exploration Pty Ltd	Australia	Ordinary	-	100
Frugal Mining Pty Ltd	Australia	Ordinary	100	100
Pan African Resources Pty Ltd	Australia	Ordinary	100	100
Tausi Mining Pty Ltd	Australia	Ordinary	-	100
Outback Iron Pty Ltd	Australia	Ordinary	51	51
Zanzibar Gold Pty Ltd	Australia	Ordinary	92	92
Duma Minerals (Tanzania) Limited	Tanzania	Ordinary	92	92
Nyati Mining (Tanzania) Limited	Tanzania	Ordinary	100	100
Pan African Resources (Tanzania) Limited	Tanzania	Ordinary	100	100
Warthog Resources Limited	Tanzania	Ordinary	86	86
Kudu limited	Tanzania	Ordinary	100	100
Nachingwea Nickel Limited	Tanzania	Ordinary	58	58
Goldstream Mozambique Limitada	Mozambique	Ordinary	100	100
Noble Mineral Resources Pte Ltd	India	Ordinary	100	100
Continental Nickel Limited	Canada	Ordinary	100	100
Anga Resources Limited	Tanzania	Ordinary	86	86
Ngwena Limited	Tanzania	Ordinary	86	86
Indiana Resources UK Limited	United Kingdom	Ordinary	100	100
Nachingwea UK Limited	United Kingdom	Ordinary	83	83
Ntaka Nickel Holdings Limited	United Kingdom	Ordinary	58	58

Backyard Exploration Pty and Tausi Mining Pty Ltd were dormant subsidiaries which were voluntarily deregistered during the 2017 financial year.

Notes to the Financial Statements

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16. EXPENDITURE COMMITMENTS

2017	2016
\$'000	\$'000

(a) Exploration Commitments

The Company is required to meet certain minimum expenditure commitments on the mineral exploration assets in which it has an interest. Outstanding exploration commitments are as follows:

- not later than one year	1,210	1,853
- later than one year and not later than five years	-	-
	<u>1,210</u>	<u>1,853</u>

(b) Lease and Operating Contract Expenditure Commitments

Operating leases (non-cancellable):

Minimum lease payments

- not later than one year	2	311
- later than one year and not later than five years	-	-
Aggregate lease expenditure contracted for at reporting date	<u>2</u>	<u>311</u>

The Group sub-leases an office from Graphex under a co-operation agreement between the two companies. The co-operation agreement can be terminated by either party with 60 days' notice.

Exploration Lease Rentals:

Expected lease payments

- not later than one year	203	266
- later than one year and not later than five years	-	65
Aggregate lease expenditure contracted for at reporting date	<u>203</u>	<u>331</u>

17. CONTINGENCIES

In September 2015, a letter of demand was received from the liquidators of Termite Resources NL (**Termite**) which provided notice of a potential claim against former Directors and Officers of Termite including the Company itself.

Termite was wholly owned by an incorporated joint venture entity, itself a 51% owned subsidiary of Indiana. Termite undertook the operation of the Cairn Hill iron ore mine in South Australia. As a result of the sudden and steep downturn in iron ore prices in the second quarter of 2014, Indiana announced on 19 June 2014 that the directors of Termite had appointed voluntary administrators to Termite. Subsequently, on 15 September 2014, creditors of Termite voted to place that company into liquidation.

In January 2016, the Company entered into a Standstill Deed with the Liquidators, under which Termite, at the request of the Company and the Individual Defendants, agreed not to constitute proceedings against Indiana without notice. No such notice has been given.

In April 2016, the Liquidators commenced formal proceedings against certain previous directors and officers of Termite. A trial which commenced in April 2017 is scheduled to resume in late September 2017. No proceedings have commenced against the Company.

The quantum of the claim is put in the alternative as the amount of the unsatisfied liabilities to unsecured creditors at the date of administration (mostly made up of damages claims from long term logistics creditors for early termination of their contracts on appointment of the administrators) said to be estimated at \$75 million, alternatively about \$46 million plus interest, being the amount repaid by Termite to Outback. The Company's current belief is that such a claim has little merit.

Set out below are the potential impacts on the Company of any potential claim against the Company and against the Directors and Officers of Termite:

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17. CONTINGENCIES (Continued)

Claim against the Directors and Officers of Termite

The insurer of the Company has confirmed that legal costs for defence of the claim against the Directors and Officers are covered by the applicable Directors and Officers Liability Policy (**D&O Policy**). The Company is also confident that any liability against the Directors and Officers arising from the claim also falls within the D&O Policy. As a result, it is unlikely that the Company would incur any economic loss as a result of a claim against the Directors and Officers of Termite.

In the event that the Directors and Officers Policy does not cover some or all of any liability or legal costs, the individual Directors and Officers are indemnified by the Company, which would result in an economic loss to the extent that the D&O Policy did not respond to cover those costs. It is the Company's belief however that this situation is unlikely due to the claim having little merit and the fact that the D&O Policy has covered all legal costs incurred up to year end by the Directors and Officers in connection with the claim.

Potential claim against the Company

The Company is not covered by the D&O Policy. As such, any legal costs or liability incurred as a result of the potential claim against the Company will result in an economic loss to the Company. Indiana's opinion however is that the claim against Indiana is weak and unlikely to result in an economic outflow except for payment of legal costs which are expected to be immaterial and capable of being absorbed by cash reserves. As noted, the claim currently lodged with the Federal Court has also excluded Indiana as a defendant.

The Company is of the opinion that no liability exists at 30 June 2017 on the basis that the claim will be vigorously defended, and legal advice supports the Directors' view that if a claim was to proceed, it would most likely fail.

In the event that the Directors and Officers Policy does not cover some or all of any liability or legal costs, the individual Directors and Officers are indemnified by the Company, which would result in an economic loss to the extent that the D&O Policy did not respond to cover those costs. It is the Company's belief however that this situation is unlikely due to the claim having little merit and the fact that the D&O Policy has covered all legal costs incurred up to year end by the Directors and Officers in connection with the claim.

Other

The consolidated entity has given bank guarantees as of 30 June 2017 of \$127,000 (2016: \$137,000) to various landlords.

18. LOSS PER SHARE

	2017	2016
	\$	\$
Loss per share		
Basic (cents)	(6.9)	(90.7)
Diluted (cents)	(6.9)	(90.7)
	\$'000	\$'000
Reconciliation of Loss to Profit or Loss		
Net Loss attributable to shareholders of the Company	(2,977)	(22,792)
Loss used in calculating basic loss per share	(2,977)	(22,792)
	2017	2016
	Basic & Diluted	Basic & Diluted
Weighted average number of ordinary shares used to calculate basic and diluted loss per share		
Weighted average number of ordinary shares	43,419,628	25,137,176

Notes to the Financial Statements

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19. AUDITORS' REMUNERATION

	2017	2016
	\$	\$
Audit services		
KPMG Australia: Audit and Review of financial statements	-	29,785
KPMG Tanzania: Audit and Review of financial statements	-	2,262
Other services		
KPMG Australia : Investigating accountants report	-	20,500
KPMG Tanzania : Tanzanian taxation services	-	6,089
	<u>-</u>	<u>58,636</u>
Audit services		
RSM Australia: Audit of financial statements	35,000	20,000
RSM Tanzania: Audit of financial statements	28,841	30,599
	<u>66,341</u>	<u>50,599</u>

No other services were provided by RSM Australia during the period. During the previous financial year, the Company changed its auditors, with KPMG completing the review of the Company's Interim Financial Statements for the half-year ended 31 December 2015 and RSM Australia completing the audit of the Financial Statements for the year ended 30 June 2016.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

The following persons were Directors of the Company during the financial year:

Bronwyn Barnes	Non-Executive Chairman
Derek Fisher	Non-Executive Director
Bruce McFadzean	Non-Executive Director
Campbell Baird	Managing Director

(b) Remuneration of Key Management Personnel (KMP)

Details of the remuneration policy of KMP, including Directors, are included in the audited Remuneration Report

(c) Directors and Executives Remuneration

Remuneration of individual Directors and Key Management Personnel is disclosed in the Remuneration Report section of the Director's Report.

The total remuneration paid to Key Management Personnel during the year is as follows	2017	2016
	\$	\$
Short-term employee benefits	278,625	670,732
Post-employment benefits	14,250	60,992
Termination benefits	-	-
Share based payments	165,481	(40,716)
	<u>458,356</u>	<u>691,008</u>

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Detailed remuneration disclosures are provided in the remuneration report in the director's report.

21. RELATED PARTY DISCLOSURES

(a) Parent Entity

Indiana is the ultimate Australian parent entity of the Group. Indiana is a company limited by shares that is incorporated and domiciled in Australia.

(b) Wholly-Owned Group Transactions

Controlled entities made payments and received funds on behalf of Indiana and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand; however demand for repayment is not expected in the next twelve months.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 20 and Detailed remuneration disclosures are provided in the remuneration report in the director's report.

Other transactions with key management personnel and their related parties

i) Receivable from and payable to key management personnel and their related parties are as follows:

The following balances are outstanding at the reporting date in relation to transactions with key management personnel and their related parties:

	2017	2016
	\$	\$
Director's fee payable to Trillium Consulting ^[1]	12,625	6,000
Directors fee Payable to Campbell Baird	-	11,000
Directors fee Payable to Bruce McFadzean	-	12,375
Total payable to during the year	12,625	29,475

^[1] Derek Fisher is a Director of this company.

ii) Transactions with key management personnel and their related parties

30 June 2017:

Mr B McFadzean is the Managing Director of Sheffield Resources Limited, a business that sublets premises previously occupied by the Company. The total rental income received from Sheffield Resources in the financial year ended 2017 was \$181,159. The sublease arrangement terminated prior to year end.

30 June 2016:

Mr B McFadzean is the Managing Director for Sheffield Resources, a business that sublets one of the Company's offices. The total rental income received from Sheffield Resources in the financial year ended 2016 was \$136,756.

Prior to being appointed as Managing Director, Mr C Baird acted as a consultant of the Company. Under an associated contract arrangement, Mr C Baird was paid \$35,250.

During the year 9,166,666 share were issued to Director Dr Derek Fisher with a total value of \$110,000. The shares were issue in settlement of an outstanding invoice for \$34,500 in consulting fees and \$75,500 in unpaid Directors fees.

iii) Loan with key management personnel and their related parties

There is no loan with key management personnel and their related parties noted during the year.

Notes to the Financial Statements

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21. RELATED PARTY DISCLOSURES (Continued)

(d) Joint venture partner

Indiana is in a joint venture over the Company's tenement package in Tanzania. Under this joint venture, Indiana's joint venture partner MMG Exploration Holdings Limited (**MMG**) spent US\$10 million in exploration expenditure on such tenements to earn a 15% interest, representing the completion of stage one of the joint venture. In 2014, MMG elected not to proceed to stage two of the joint venture and has not contributed further funding to the joint venture since this election was made. As a result, pursuant to the operation of the joint venture agreement with MMG, MMG's interest in the joint venture has further diluted and at 30 June 2017 stood at 13.86% (2016: 14.02%).

The Company is in a joint venture over its Ntaka Hill Nickel Project with Loricatus Resource Investments (**Fig Tree**), in which Fig Tree holds a 25.80% interest. During the year, Fig Tree declared a positive outcome to its geotechnical studies, however was not in a position to effect the payment of US\$4.0 million Deferred Consideration required under the Joint Venture Agreement. As a result Fig Tree reverted to a 30% interest in the joint venture, with Indiana holding 70% and retaining management and control of Ntaka Hill.

22. OPERATING SEGMENTS

Segment products, locations and geography

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.

	Exploration		Unallocated		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other revenue	-	-	262	293	262	293
Reportable segment loss before tax	(206)	(18,084)	(1,254)	(2,632)	(1,460)	(20,716)
Depreciation	(108)	(209)	-	-	(108)	(209)
Impairment	(478)	(17,073)	-	-	478	(17,073)
Segment assets	8,273	8,859	221	321	8,495	9,180
Segment liabilities	(71)	(830)	(450)	(215)	(521)	(1,045)

Reconciliation of loss before tax for the operating segments to the Group loss before tax is as follows:

	2017 \$'000	2016 \$'000
Loss before tax for Operating Segments (see table above)	(1,460)	(20,716)
Corporate and administration costs	(1,398)	(2,556)
Other expenses	(119)	(369)
Loss before tax for the Group including discontinued operations	(2,977)	(23,641)

Notes to the Financial Statements

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23. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and Group's activities expose it to a variety of financial risks, including market, credit and liquidity risk. For the Group, market risk includes interest rate risk, foreign currency risk and equity securities price risk.

Financial risk management is carried out by the Group's Chief Financial Officer and the Managing Director, in close co-operation with the Board. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks. The Group held the following financial instruments at reporting date:

Consolidated	Note	2017 '000	2016 '000
<i>Financial Assets</i>			
Cash and cash equivalents	4	1,063	685
Trade and other receivables – current	6	511	1,458
Total Financial Assets		1,574	2,143
<i>Financial Liabilities</i>			
Trade and other payables	9	517	878
Total Financial Liabilities		517	878

(a) Market Rate Risk

(i) Interest Rate Risk

The Group and the Company are exposed to interest rate volatility on deposits and short term borrowings. Deposits at variable rates expose the Group and the Company to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. The Group and the Company's fixed rate borrowings are carried at amortised cost and are not subject to interest rate risk.

The exposure to interest rates at the reporting date is as follows:

	Effective Average Interest Rate (%)	Variable Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
2017 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	0.98%	842	-	221	1,063
Security bonds and deposits	2.35%	-	112	18	130
		842	112	239	1,193
2016 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	0.16%	93	-	592	685
Security bonds and deposits	2.10%	-	177	19	196
		93	177	611	881

All fixed deposits are held for periods of less than 3 months.

Notes to the Financial Statements

30 JUNE 2017

23. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign Exchange Risk

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than Australian dollars, the Group's presentation currency.

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States dollar, the Canadian dollar, and to Tanzanian shillings.

The Group has not formalised a foreign currency risk management policy and it holds only limited amounts of cash in foreign currencies at any point in time. The Group monitors foreign currency expenditure in light of exchange rate movements.

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group based on its risk management policy was as follows:

	2017			2016		
	USD ('000)	CAD ('000)	TZS ('000)	USD ('000)	CAD ('000)	TZS ('000)
Cash at bank	98	-	4,364	48	6	6,830
Trade receivables	14	-	-	-	-	-
Trade Payables	(29)	-	(6,420)	(135)	(3)	(20)
Net Statement of Financial Position exposure	83	-	(2,056)	(87)	3	6,810

(b) Credit Risk Exposures

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017 \$'000	2016 \$'000
Cash and cash equivalents ⁽¹⁾	1,063	685
Trade and other receivables ⁽²⁾	511	1,458
	<u>1,574</u>	<u>2,143</u>

⁽¹⁾ The Group's cash and cash equivalents are predominantly held with Australian banks with an S&P long term rating of AA- credit ratings.

⁽²⁾ Trade and other receivables do not have an external credit rating.

The Group's maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

Government authorities	122	939
Other	389	519
	<u>511</u>	<u>1,458</u>

The Group monitors its receivables and provides for doubtful debts to the extent it considers the Group to be exposed to any credit risk. The Group does not have a formal credit risk management policy however the credit risk of the Group's major customers has been assessed by the Board and Management at the time the contract was agreed and has been regularly assessed since that date.

(c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position, including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Notes to the Financial Statements

30 JUNE 2017

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000
At 30 June 2017				
Trade and other payables and provisions	521	-	521	521
Total	521	-	521	521
At 30 June 2016				
Trade and other payables and provisions	1,045	-	1,045	1,045
Total	1,045	-	1,045	1,045

(d) 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* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Group does not recognise any financial assets under levels 1, 2 or 3 and the carrying value of those shown in Note 23 are considered to approximate fair value.

24. SHARE BASED PAYMENTS

	2017 \$'000	2016 \$'000
(a) Recognised share based payment expenses		
Options		
Vested	130	32
Not vested	111	-
Performance Rights		
Vested	-	57
	241	89

(b) Summary of Unlisted securities under the Plan

	Other unlisted options
Balance at 1 July 2016	360,000
Issued during the year	3,978,353
Cancelled or lapsed during the year	(140,000)
Exercised during the year	-
Balance at 30 June 2017	4,198,353

Notes to the Financial Statements

30 JUNE 2017

24. SHARE BASED PAYMENTS (Continued)

(b) Summary of Unlisted securities under the Plan (Continued)

Unlisted Options

Unlisted Options on Issue

Year issued	2016*	2016*	2017	2017	2017	2017	2017
Grant Date	17 Sept 15	17 Sept 15	22 July 16	16 Sept 16	24 Nov 16	24 Nov 16	24 Nov 16
Number of options	100,000	120,000	318,066	600,000	300,000	1,488,265	1,272,022
Fair value at grant date (\$)	\$0.005	\$0.005	\$0.115	\$0.05 - \$0.059	\$0.02	\$0.085	\$0.058
Share price at grant date (\$)	\$0.011	\$0.011	\$0.115	\$0.115	\$0.085	\$0.085	\$0.085
Adjusted Exercise price (\$)	\$1.40	\$0.50	Nil	\$0.20 - \$0.30	\$0.50	Nil	\$0.12
Expected volatility	100%	100%	100%	100%	100%	100%	100%
Option life	3 years	1.82 years	3 years	3 years	2.66 years	2.66 years	4.66 years
Expected dividends	-	-	-	-	-	-	-
Risk free interest rate	1.18%	1.87%	1.86%	1.86%	1.86%	1.86%	1.86%

* On 21 June 2016, the Company completed a capital consolidation with shares and securities, including those outstanding in the table above as at that date, being consolidated on a ratio of 50:1. The consolidation was approved by the Company's shareholders at an Extraordinary General Meeting held on 20 April 2016. By reducing the number of the Company's securities on issue by a ratio of 50:1 it also has the effect of increasing the exercise price of outstanding options (see table below) increases. Exercise prices and number of options outlined above are post-consolidation exercise prices and number of options.

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of the unlisted share options outstanding as at 30 June 2017 is 2.58 years (2016: 1.19 years).

(d) Range of exercise prices

The range of exercise prices for the unlisted options outstanding at the end of the year is nil to \$1.40 cents (2016: \$0.50 cents to \$1.40 cents).

(e) Valuation of Performance Rights, Options and Share Appreciation Rights

Options are valued using the inputs from Note 24(b) above, using a Black and Scholes model.

Notes to the Financial Statements

30 JUNE 2017

25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2017, the parent company of the Group was Indiana Resources Limited.

	2017 \$'000	2016 \$'000
Results of the parent entity		
Loss for the year (after tax)	(2,741)	(20,892)
Other comprehensive income	-	-
Total comprehensive loss for the year	(2,741)	(20,892)
Financial position of the parent entity at year end		
Current assets	1,387	1,537
Total assets	1,407	1,564
Current liabilities	(450)	(958)
Total liabilities	(450)	(958)
Net Assets	957	606
Total equity of the parent entity comprising of:		
Share capital	10,053	7,484
Reserves	1,751	1,229
Retained earnings	(10,847)	(8,107)
Total Equity	957	606

Guarantees

The parent signed a letter of support for its subsidiary Ngwena Limited to support its continued operations and to enable it to meet its obligations.

Commitments

Of the commitments in Note 16, all operating leases of \$2,000 (30 June 2016: \$311,000) related to lease commitments held by the parent Indiana Resources Limited.

26. SUBSEQUENT EVENTS

Subsequent to year end, in July 2017, the Tanzanian Government passed Amending Legislation relating to the legal and regulatory framework governing the natural resources sector in Tanzania. In the months following the passing of the Amending Legislation, the detail and scope of those changes remain unclear and while the Company remains committed to its Tanzanian assets, the Board has elected to commence a search for a new project outside Tanzania as an immediate priority. As part of the review of the Company's strategy, on 12 September 2017, Mr Campbell Baird agreed to step down as Managing Director. The Board has commenced the search for a new Managing Director.

Directors' Declaration

- (1) In the opinion of the Directors:
- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (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; and
 - (c) The financial report also complies with International Financial Reporting Standards as stated in Note 1(a)(i).
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

On behalf of the Board



Bronwyn Barnes

Chairman

PERTH

On this 26th day of September 2017

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

Opinion

We have audited the financial report of Indiana Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<i>Carrying Value of Exploration and Evaluation Expenditure Asset</i> Refer to Note 7 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$6.7 million.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present; and • Determination of whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure asset included:</p> <ul style="list-style-type: none"> • Ensuring that the right to tenure of the area of interest was current by obtaining the retention licence for the area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed; and • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of an economically recoverable reserves may be determined.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 for the year ended 30 June 2017.

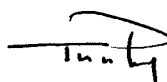
In our opinion, the Remuneration Report of Indiana Resources Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 September 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Indiana Resources Limited for the year ended 30 June 2017, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 September 2017

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 18 September 2017.

(a) DISTRIBUTION OF EQUITY SECURITIES

Ordinary Shares

			Number of holders	Number of shares
1	-	1,000	2,337	511,861
1,001	-	5,000	485	1,212,907
5,001	-	10,000	142	1,046,854
10,001	-	100,000	246	7,967,233
100,001		and over	66	43,133,872
			3,918	53,872,727
Number of holders holding less than a marketable parcel of shares			2,924	2,401,481

Unlisted Options

			Number of holders	Number of Unlisted Options
1	-	10,000	-	-
10,001	-	100,000	1	100,000
100,001		and over	3	3,978,353
			4	4,078,353

ASX Additional Information

(b) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

Rank	Name	Units	% of Units
1.	BPM CAPITAL LIMITED	7,857,960	14.59
2.	INVESTMET LIMITED	5,254,545	9.75
3.	J P MORGAN NOMINEES AUSTRALIA	2,678,275	4.97
4.	ONE MANAGED INVESTMENT FUNDS	2,663,539	4.94
5.	GOLD ELEGANT (HK) INVESTMENT LIMITED	2,000,000	3.71
6.	WISETIME NOMINEES PTY LTD <SRB FAMILY A/C>	2,000,000	3.71
7.	GERISE PTY LTD	1,286,301	2.39
8.	SICHUAN TAIFENG GROUP CO LIMITED	1,035,420	1.92
9.	BOTSIS HOLDINGS PTY LTD	1,000,000	1.86
10.	MR BRETT MONTGOMERY + MS BONNIE TOLLAFIELD <TOLLAFIELD SUPER FUND A/C>	1,000,000	1.86
11.	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	930,000	1.73
12.	REV SIMON FREDERIC SHOULER	906,000	1.68
13.	MR PAUL JAMES MADDEN	894,001	1.66
14.	MR IAN MICHAEL PATERSON PARKER + MRS CATRIONA SYLVIA PARKER <PARKER SUPER FUND A/C>	872,158	1.62
15.	MS BETTY JEANETTE MOORE	850,000	1.58
16.	MR PETER DAVID KOLLER	750,000	1.39
17.	MR JOHN FRANCIS PAGE SCHMIDT	641,075	1.19
18.	MR JOHN WHITFORD HENSON TRUSCOTT	600,000	1.11
19.	CLARKSON'S BOATHOUSE PTY LTD <CLARKSON SUPER FUND A/C>	524,333	0.97
20.	MR WARRICK GEOFFERY CANNON	493,530	0.92
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		34,237,137	63.55
Total Remaining Holders Balance		19,635,590	36.45

(c) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

BPM CAPITAL LIMITED	14.59%
INVESTMET LIMITED	9.75%

(d) VOTING RIGHTS

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights until such time as they are exercised and shares have been issued.

ASX Additional Information

(e) TENEMENT SCHEDULE

Tenement Number and Name	Ownership	Location
PL 5977/2009 - Naujombo	100%*	Tanzania
PL 6397/2010 - Kipepere West	100%*	Tanzania
PL 6634/2010 - Mihumo	100%*	Tanzania
PL 6635/2010 - Nachingwea NW	100%*	Tanzania
PL 7095/2011 - Nditi	100%*	Tanzania
PL 9757/2014 - Mihumo West	100%*	Tanzania
PL 9759/2014 - Mjembe	100%*	Tanzania
PL 9939/2014 - Mjembe East	100%*	Tanzania
PL 9942/2014 - Naujombo North	100%*	Tanzania
PL 9944/2014 - Namarongo North	100%*	Tanzania
PL 10099/2014 - Nanyindwa	100%*	Tanzania
PL 10302/2014 - Namatutwa	100%*	Tanzania
RL 0017/2015 - Ntaka Hill	86%***	Tanzania
PL 7226/2011 - Ntaka South	100%***	Tanzania
PL 10904/2016 - Namikango North	100%*	Tanzania
PL 11022/2017 - Ntaka North West	100%*	Tanzania
PL 11049/2017 - Mtimbo	100%*	Tanzania
PL 11054/2017 - Naujombo West	100%*	Tanzania
PL 11133/2017 - Mihumo Central	100%*	Tanzania
11132/2017 - Kishugu	100%*	Tanzania
Claim Block 4242	50% **	New Brunswick, Canada
Claim Block 5787	50% **	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