

INDIANA RESOURCES LIMITED

ABN 67 009 129 560

ANNUAL REPORT

for the year ended 30 June 2019



Corporate Information

ABN 67 009 129 560

Directors

Ms Bronwyn Barnes (Non-Executive Chairman)

Mr Robert Adam (Non-Executive Director)

Mr Steven Zaninovich (Non-Executive Director)

Company Secretaries

Ms Aida Tabakovic

Mr James Moran

Registered Office

The Park Business Centre, 45 Ventnor Avenue

WEST PERTH WA 6005

Tel +61 8 9388 7877

Fax +61 8 9382 2399

Bankers

Commonwealth Bank of Australia

150 St Georges Terrace

PERTH WA 6000

Share Register

Computershare Limited

Level 11, 172 St Georges Terrace

PERTH WA 6000

Tel + 61 8 9323 2000

Fax + 61 8 9323 2033

Auditors

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

PERTH WA 6000

Website Address

www.indianaresources.com.au

ASX Code

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

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Chairman's Report

Dear Shareholders

On behalf of the Directors, I am pleased to introduce the 2019 Annual Report. During the year the Company continued to focus its efforts on exploring its substantial footprint in West Mali, acquiring additional ground in proximity to our existing land holding and working with the Tanzanian Government on confirming a suitable tenure arrangement for the Ntaka Hill Nickel Project.

Consistent with this strategy, the Company completed during the year a number of exploration activities on the ground in Mali along with a complete technical review for the region that resulted in the identification of multiple new targets and areas of interest. Our exploration activities on the ground focused on key properties in the prolifically mineralised Kenieba Province in Mali – Koussikoto Ouest (Koussikoto) and Kenieko Nord (Kenieko). The completion of recent drilling programmes at Koussikoto Ouest delivered significant results that demonstrate the potential for this region. Likewise, our review of historic exploration results for the project areas along with our own soil sampling programmes has provided us with a solid pipeline of exciting drill targets that remain to be tested. During the year the Company also entered into Joint Ventures for two additional project areas that has consolidated our footprint in the region to approximately 360km². These were low cost entries into early stage exploration assets that represents a strategic exploration package in a province that hosts multiple world-class gold deposits. The Kenieba Province has a long history of artisanal gold mining and Mali is the third largest gold producing country in Africa, hosting multiple operating gold mines (exploiting numerous individual deposits) along with a number of gold mines in the development stage.

The Ntaka Hill nickel project in Tanzania remains a key asset of value for shareholders and during the year we continued to engage with the Tanzanian Government to assess the impact of legislation passed in July 2017 and the Mining Regulations released in 2018. Indiana has made a submission to the Ministry of Minerals with respect to the Ntaka Hill Retention Licence and has lodged an application for a Prospecting Licence over the area covered by the Retention Licence.

The Company maintains positive engagement with both the Minister of Minerals and the Mining Commission as part of our ongoing efforts to work through a process to clarify tenure for this important asset. The current market appetite for high-grade and quality nickel deposits suitable for the battery market supports the development potential for the Ntaka Hill Nickel Project and the Company is actively engaged with several parties on options to deliver value to shareholders.

Whilst funding has remained a challenge during the year, we are grateful to our shareholders who have continued to support Indiana's strategy and provide ongoing capital for exploration and project generation activities in Mali and to ensure that the Company has sufficient capacity and flexibility, to acquire additional projects as they have been presented. The Board has continued to reduce operating overheads during the year and has endeavoured to dedicate available funds to exploration where possible. As the market conditions appear to be improving the Board is confident that we have an exciting asset base on which we can grow shareholder value, in a market that is supportive of both gold and nickel assets.

The Board and I sincerely thank shareholders for their continued support and encourage shareholders to please contact me or my fellow Directors if you would like any further information.



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 2019 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 2018 financial year and up to the date of this report:

B Barnes

D Fisher

Resigned 15 October 2018

B McFadzean

Resigned 25 February 2019

C Van Wijk

Appointed 19 November 2018

Resigned 27 February 2019

M Barron

Appointed 15 October 2018

Resigned 19 November 2018

R Adam

Appointed 25 January 2019

S Zaninovich

Appointed 27 February 2019

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		
<i>Experience and expertise</i>	<p><i>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.</i></p> <p><i>Ms Barnes has extensive experience in working across Africa and an extensive career in ASX listed company boards.</i></p>	
<i>Other current directorships</i>	<p><i>MOD Resources (ASX: MOD)</i> <i>Scorpion Minerals Ltd (ASX: SCN)</i></p>	
<i>Former directorships in the last 3 years</i>	<p><i>Windward Resources Limited (ASX: WIN)</i> <i>Auris Minerals Ltd (ASX : AUR)</i> <i>JC International Group Ltd (ASX: JCI)</i></p>	
<i>Special responsibilities</i>	<i>Chairman</i>	
<i>Interests in shares and options</i>	<i>Ordinary shares</i>	<i>5,231,958</i>
	<i>Unlisted options</i>	<i>3,600,000</i>

Robert Adam, BSc Hons, MAICD, MAusIMM – Non-Executive Director – appointed 25 January 2019		
<i>Experience and expertise</i>	<p><i>Mr Adam is a senior executive with 40 years of experience in the resources industry. He has a proven record of achievement in project development, management and operational improvement. He has worked extensively in West Africa with a demonstrable record of success in multi-cultural and multi-lingual environments.</i></p> <p><i>Mr Adam has been involved in project developments in a number of African companies including Guinea, Ghana, Mali, Zambia, Tanzania, Mauritania and Zimbabwe, principally in gold and bauxite, but also copper and iron ore.</i></p>	
<i>Other current directorships</i>	<i>Non-Executive Director Cassidy Gold Guinee SA</i>	
<i>Former directorships in the last 3 years</i>	<i>Nil</i>	
<i>Special responsibilities</i>	<i>Nil</i>	
<i>Interests in shares and options</i>	<i>Ordinary shares</i>	<i>233,334</i>
	<i>Unlisted options</i>	<i>Nil</i>

Directors Report

Steven Zaninovich - Non-Executive Director – appointed 27 February 2019		
<i>Experience and expertise</i>	Mr Zaninovich has extensive West African experience in project development and operational roles over 20 years and in many countries, including Ghana, Burkina Faso, Côte d'Ivoire, Senegal and Mali. Mr Zaninovich's responsibilities during previous senior executive roles have included operational running of companies, business and strategic planning, feasibility studies and project development, site exploration operations, health and safety, environmental and social responsibility, human resources, risk management, project generation, strategic direction and procurement and contracts.	
<i>Other current directorships</i>	Canyon Resources Ltd (ASX: CAY)	
<i>Former directorships in the last 3 years</i>	N/A	
<i>Special responsibilities</i>	Nil	
<i>Interests in shares and options</i>	<i>Ordinary shares</i>	<i>Nil</i>
	<i>Unlisted options</i>	<i>Nil</i>

JOINT COMPANY SECRETARIES

Ms Aida Tabakovic, BBus.GradDipBus(Law)

Miss Tabakovic has over 11 years' experience in the accounting profession. She holds a double degree in Accounting and Finance and a Postgraduate Degree in Business Law. Miss Tabakovic provides services to a number of ASX listed companies specialising in financial accounting and reporting and corporate compliance. Miss Tabakovic has also been involved in listing a number of junior exploration companies on the ASX.

Mr James Moran, BBus.CPA, GradDipAppCorpGov

Mr Moran has had 30 years of resources sector experience gained throughout Australia and internationally in Africa, Central Asia and South America. In previous CFO/Company Secretary roles he has gained experience across the resource's spectrum covering green fields exploration, project construction, production and project closures. He is a qualified CPA and holds a Bachelor of Business Degree, is an Associate CPA and is a Fellow of the Governance Institute of Australia. He also has a Graduate Diploma in Applied Corporate Governance.

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
<i>B Barnes</i>	11	11
<i>B Adam (Appointed 25 January 2019)</i>	4	4
<i>S Zaninovich (Appointed 27 February 2019)</i>	4	4
<i>C Van Wijk (appointed 19 November 2018; Resigned 27 February 2019)</i>	3	3
<i>M Barron (Appointed 15 October 2018; Resigned 19 November 2018)</i>	0	0
<i>B McFadzean (resigned 25 January 2019)</i>	7	7
<i>D Fisher (Resigned 15 October 2018)</i>	5	5

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.

Directors Report

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

Consolidated loss after income tax for the financial year was \$6,275,000 (2018: \$1,797,000).

Review of Operations

West Mali Gold Projects - Exploration

During the year, the Company completed several exploration activities across the tenement package in West Mali. This included an RC drilling programme, an extensive soil sampling programme focused on the southern part of the tenement package and a technical review of the entire region that has significantly added to the Company's understanding of the potential for the region. This detailed review of historic information combined with recent exploration activity has delivered a solid pipeline of exploration activities for the coming twelve months.

During the year, the geological team completed an initial review of historic soil geochemistry over the Koussikoto Ouest License at the southern end of its West Mali Gold Project (refer Figure 2). The review included assessment of mapping and structural interpretation completed by the Mali Government in 2006, and soil geochemistry completed post- 2013 on a 200m by 50m grid spacing over an area of about 50 km² and analysed for gold.

At least 10 distinct anomalies or anomalous trends (A1 to A10) were identified with peak values up to a maximum 10,000ppb. Only one of the anomalies (A1) has been partially drill tested to-date at "The Edge" prospect, where results from previous drilling included:

- 18m @ 3.35g/t Au, from 26m (MOKRC0032);
- 4.5m @ 18.55g/t Au, from 98.8m (MOKDD0040);

The new anomalies range in length from 1000 to 5000 metres and width from 250 to 1000 metres. The review highlighted that the A1 soil anomaly at The Edge Prospect is not the strongest or largest anomaly identified by the survey, and the company is encouraged by the scale and scope of the additional anomalies identified.

An Infill soil sampling was then initiated in several areas on east-west lines at a 200m by 50m spacing covering a total area of 7.4km². Assay ranges for the 767 individual sites are summarised below:

- 4 samples @ > 100 ppb Au
- 78 samples @ 30 – 100 ppb Au
- 99 samples @ 20 – 30 ppb Au
- 586 samples @ < 20ppb Au

The A5 anomaly is now considered at least 9km long when including A6 and the newly interpreted A11; both of which are interpreted to be part of the same anomalous structural trend. The apparent truncation between the A5 and A11 anomalies in the west of the project is likely due to a lack of sampling outside licence boundaries and the proximity of the river border with Senegal.

Directors Report

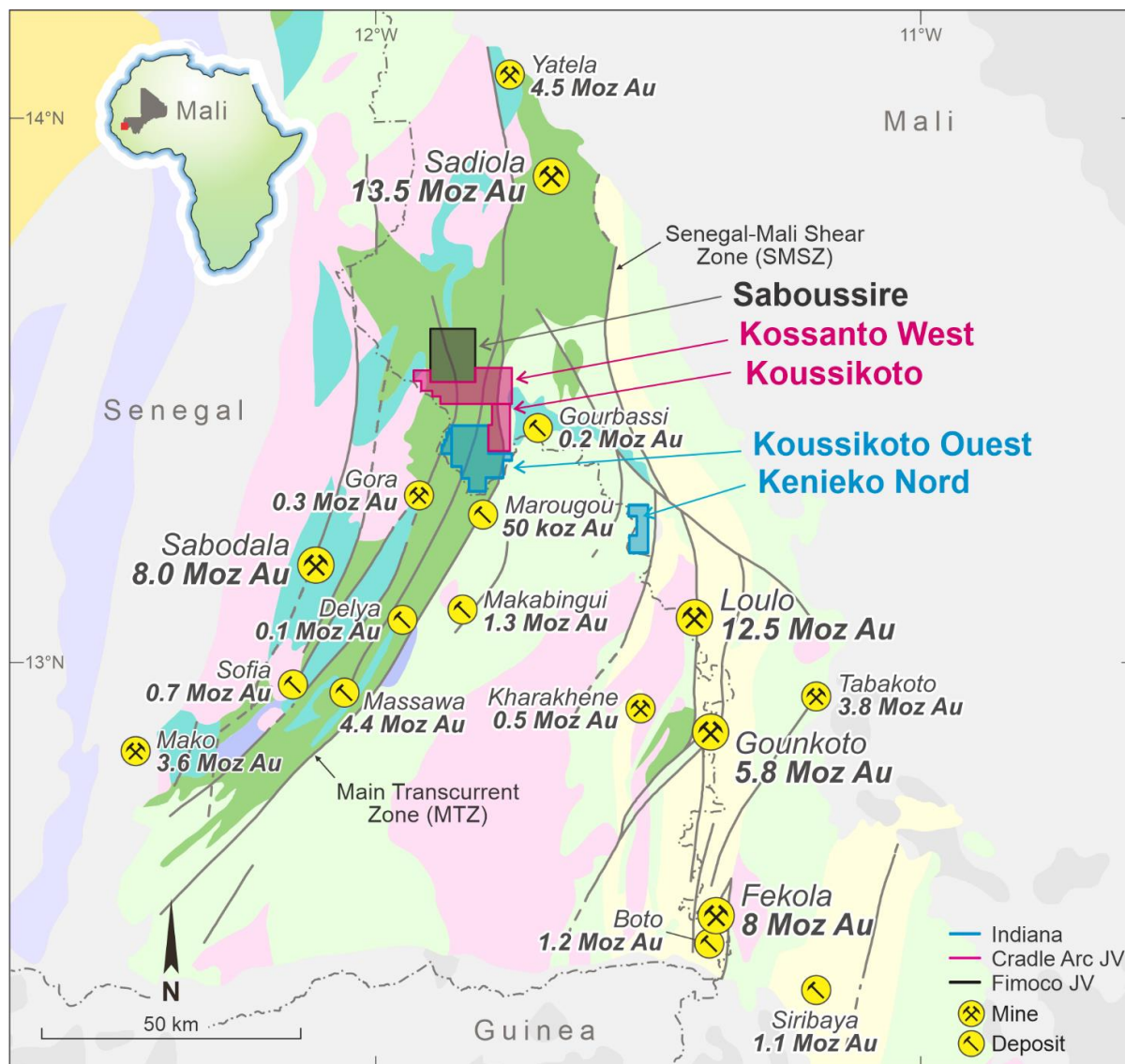


Figure 1 Indiana West Mali Project Area; highlighting position of Indiana tenure and gold prospective Main Transcurrent Zone (MTZ)

As a result of the recent geochemical sampling, anomaly A5 has been extended to the South with 3 samples returning values above 100 ppb Au (peak value 479ppb) over a 150m E/W section. Significantly these 3 samples are located approximately 800m south of recent RC drilling, including:

- 2m @ 12.3 g/t Au
- 2m @ 1.46 g/t Au
- 4m @ 0.57 g/t Au

This new southern zone within A5 represents a compelling drill target for the next field season which commences in October 2019.

Anomalies A7 and A8 have also been extended 500m north by the new results, at which point a veneer (to around 25m thickness) of unresponsive overlying younger sediments blanket the structural trend (refer tan areas in Figure 1).

Further work conducted during the year that included a review of historic government and termite mound sampling assay data highlighted a significant untested gold trend on the Koussikoto Licence situated on the eastern side of its West Mali Gold Project (refer Figure 1).

Directors Report

The new trend at Koussikoto is at least 7500m long and defined by historic 1000m by 250m Mali Government sampling, 400m by 200m infill sampling and historic sampling of termite mounds at approx. 400 by 50m spacing by previous operators. Infill sampling is planned by Indiana at 200m by 50m spacing prior to planning for possible drill testing.

It is important to note that there has been no drill testing of anomalies along this new trend which represents a significant and previously unrecognised target at the West Mali Gold project. Over 27.5 km of strike of significant gold anomalism has been identified in the project area to date, across four major trends.

All historic sampling relating to this new trend was completed on east-west lines, and ppb assay ranges for the samples are summarised below:

	Total	> 100	30 - 100	20 - 30	< 20	Spacing
Government Soils	398	5	6	1	386	1000m x 250m
Company Soils	651	0	16	25	610	400m x 200m
Company Termite Mounds	1393	5	31	46	1311	400m x 50m

The persistent anomalies identified-to-date currently appear related to north–south and northwest-southeast trending structures within or adjacent to the Main Transcurrent Zone (MTZ). The MTZ is interpreted to be one of the major structures which controls mineralisation in Western Mali and Eastern Senegal, considered an excellent geological and structural location within the highly prospective Kenieba Inlier of Western Mali, known to host a number of multi-million ounce gold deposits, including the Loulou 12.5Moz deposit (Barrick Gold) and the Sabodala 8Moz deposit (Teranga Gold) (refer Figure 2).

Mali - Drilling

During the year the Company used the information compiled from the technical review and undertook a 1,740m shallow RC drilling programme comprising 24 holes. The drilling identified significant shallow gold zones, in particular identified at anomalies A5, A7 North, A9, and confirmed at A1.

Results from this programme identified two new significant zones of mineralisation at anomalies A5 and A7 North (refer Figure 2). At anomaly A5 (refer Figure 3), mineralisation is hosted within Greywacke within a moderately west-dipping structure, with a best result returned of 2m @ 12.3 g/t Au from 44m in hole RCMK4014. This drill hole followed up an initial aircore result of 4m @ 2.52 g/t Au.

Directors Report

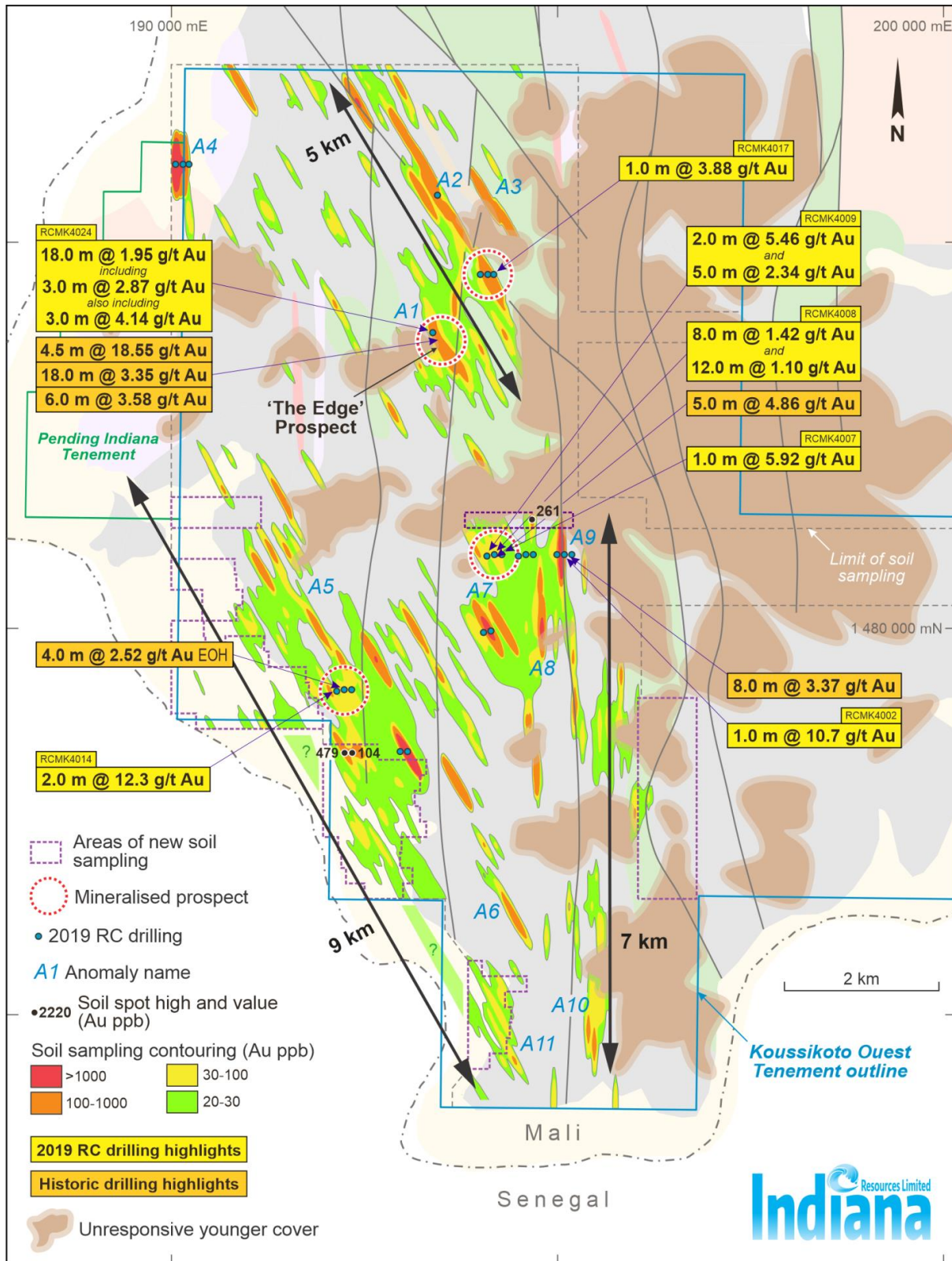


Figure 2 – Koussikoto Ovest
Soil geochemical anomalies and drilling highlights, over government regional geological interpretation

Directors Report

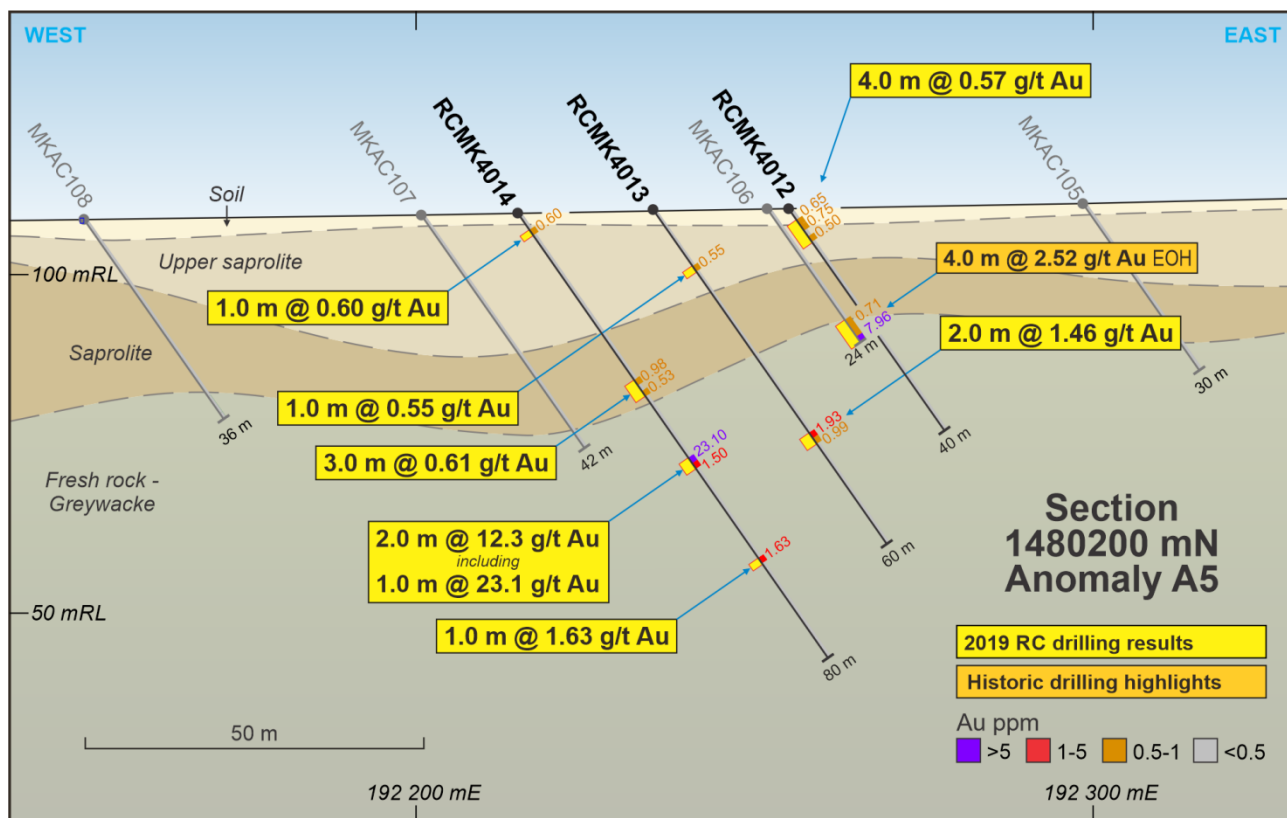
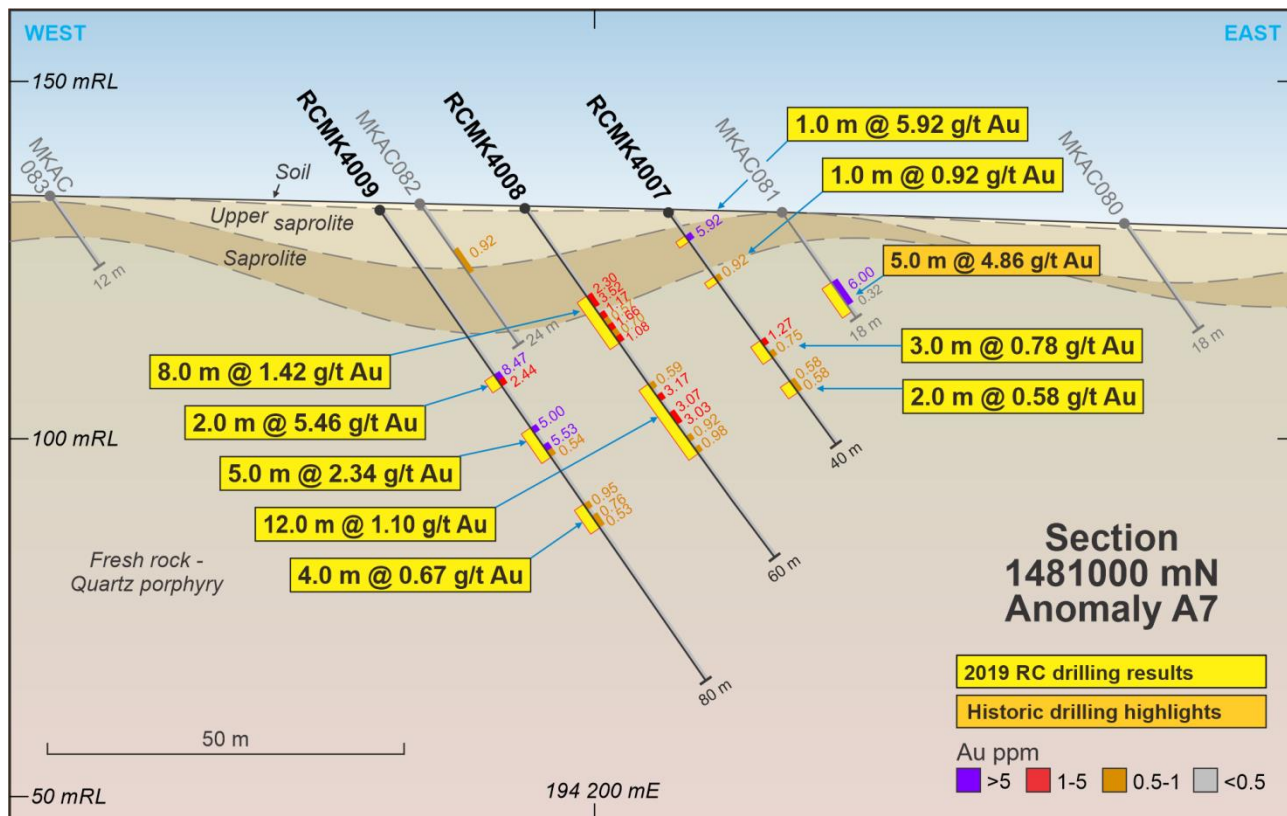


Figure 3 – Anomaly A5 (Central) Cross Section

At anomaly A7 North (refer Figure 4) two holes following up an initial aircore result of 5m @ 4.86 g/t Au intersected multiple lobes of moderately west-dipping mineralisation hosted within a Quartz Porphyry. Significant intersections returned include 8m @ 1.42 g/t Au from 15m, and 12m @ 1.10 g/t Au from 30m in hole RCMK4008, and 2m @ 5.46 g/t Au from 28m, and 5m @ 2.34 g/t Au from 37m in hole RCMK4009 drilled further down-dip.



Directors Report

Figure 4 – Anomaly A7 (North) Cross Section

At Anomaly A1 'The Edge', drilling was planned to confirm historic results and better understand the geometry and nature of the mineralisation with more appropriately oriented drilling into an apparent steep westerly-dipping structure (refer Figures 5 and 6).

Drilling successfully confirmed mineralisation with a best result of 18m @ 1.95 g/t Au from 45m in the single hole drilled, Hole RCMK4024. The new results confirm the significance of 'The Edge' Prospect, and provide additional targets for further work, including at Anomaly A2 South.

Gold mineralisation at 'The Edge' consists of quartz veins and silica carbonate sulfide hosted within sheared mafic sediments and represents a significant shallow open-pittable target, with the potential for high-grade depth extensions. Follow up RC and diamond drilling will focus on the core zone along 200 metres of strike and down plunge to a depth of 300 metres below surface.

Directors Report

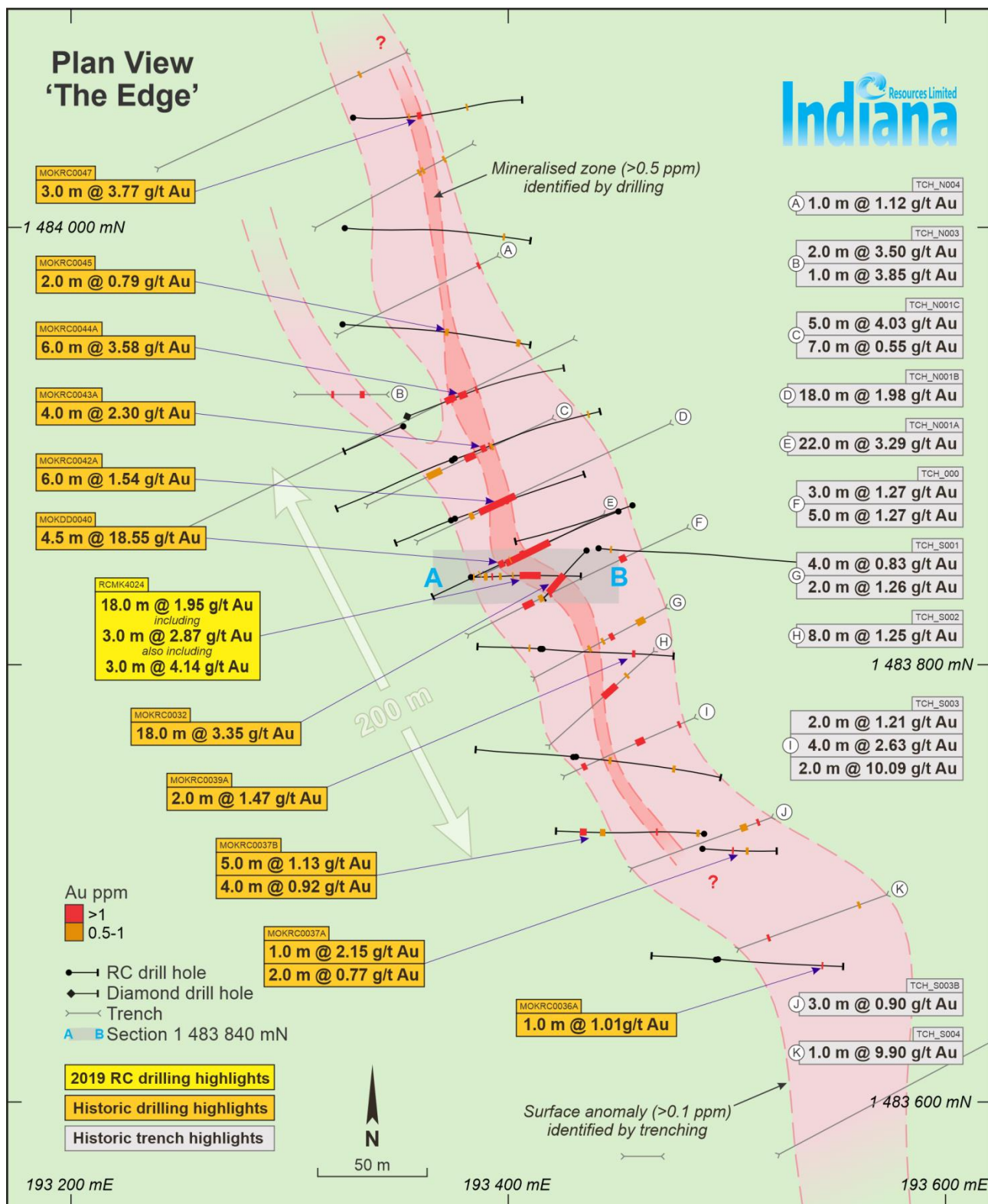


Figure 5 – 'The Edge' Plan of Significant Results ≥ 0.5 g/t Au, Section A-B (refer Figure 6)



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Directors Report

- 1m @ 3.88 g/t Au from 14m (Hole RCMK4017), which correlates with a trench assay of 1m @ 3.48 g/t Au;
- 3m @ 0.71 g/t Au from 4m (Hole RCMK4018) which correlates with anomalous gold in the trench; and
- 1m @ 0.95 g/t Au from 70m (Hole RCMK4019) directly below another anomalous gold result in the trench.

Further review of the Sections through the centre of the licence confirm these areas have not been effectively tested by the geochemistry due to overlying cover (to around 25m thickness) which has been proven to be unresponsive to soil sampling; this cover appears to truncate anomalies A7, A8 and A9 to the North, and potentially mask the interpreted trend between A9 and A10.

The company is continuing to review the effectiveness of the soil sampling, and considers several areas 'on trend' should now be tested by shallow geochemical drilling to further understanding of the gold anomalism, and is considering some infill N-S geochemical sampling to confirm certain orientation interpretations from the contouring exercise. The company continues to assess the project-scale structural setting of the tenure to better understand the scope of mineralisation, and intends improving the geological mapping and interpretation of target areas in the coming field season.

Mali – Growth

During the year, the Company continued with its project generation review of the Kenieba inlier region to develop an understanding of properties that may be available for joint venture or acquisition that would be value accretive for Indiana shareholders. The Company is particularly interested in acquiring additional ground in proximity to its current holdings to grow its footprint in the region, which has a demonstrated potential for multiple million-ounce gold projects. With major existing, operating gold projects in the area such as Sadiola (IAMGOLD, 13.5 Million oz), Loulo (Randgold, 12.5 Million oz) and Sabodala (Teranga, 8 Million oz), the Company believes it to be an opportune time to consolidate a strategic footprint in the area given current levels of corporate activity amongst mid-tier gold mining companies and the strong gold price.

The Company announced in May 2019 that it had entered into an Option Agreement (the 'Option') over the Saboussire License ('Saboussire') in western Mali (refer Figure 1). The Option, to acquire an eventual 85% stake in the Saboussire license through an exploration earn-in Joint Venture has been agreed with FIMOCO SARL, ('FIMOCO') and became effective on satisfaction of certain conditions during the agreed 30 days due diligence period. Due diligence was successfully completed during the quarter and the Company has now completed legal agreements with FIMOCO SARL, ('FIMOCO') to confirm exercise of the option to an eventual 85% stake in Saboussire through its wholly owned subsidiary Mukuyu Resources Limited ('Mukuyu').

The Saboussire license covers an area of 100 km², the maximum size for a single license in Mali and is located on the Main Transcurrent Zone, immediately north of the Kossanto West license ('Kossanto West'), held in JV with Cradle Arc Plc. The Option increases the land available for Indiana's exploration activities by 100km², bringing the Company's total exploration area in Mali to 363km².

Key terms of the proposed Joint Venture:

- US\$50k minimum spend. Work program to include Soil Geochemistry, Geological Mapping and Geophysics. IDA will have 90 days to commence and 12 months to complete this initial Stage.
- Stage 1 - US\$250k minimum spend and minimum 10,000m drilling to earn 51%. 30 months to complete from the date of signing the agreement. On completion of Stage 1 the companies will form a NewCo to hold the respective parties equity stakes in a joint venture (JV).
- Stage 2 - IDA can earn 85% by completing a PFS within 2 years of completion of Stage 1.
- After completion of Stage 2, FIMOCO shall have the option to convert its shares into a net smelter royalty (NSR), on the basis that if FIMOCO fall below 10% ownership they revert to a 1.25% NSR.
- Stage 3 – The parties shall work together to complete a DFS. At this stage both parties shall contribute or dilute in accordance with their participating interest and further expenditure toward a DFS shall be subject to normal dilution principles.
- FIMOCO will be carried during the development and construction phases of the Project. The equity contribution which may be required from FIMOCO shall be a loan from Mukuyu to be repaid from the dividends payable to FIMOCO.
- In the event of a sale, both parties have a Right of First Refusal
- The license will continue to be held by FIMOCO until such time as Indiana has earned a 51% interest in the project, at which point a new company will be formed to hold the shares in joint venture.

Also during the year the Company completed a Joint Venture with Caracal Gold Mali SARL for the Kossanto West Gold Project ('Kossanto West') in western Mali, located immediately adjacent to the Company's Koussikoto Ouest Gold Project.

Directors Report

Kossanto West comprises two permits, the Kobokoto Est and Koussikoto exploration permits, which cover a total area of 137 km², located on the Main Transcurrent Zone, which is interpreted to be one of the structures which controls mineralisation in Western Mali. This is considered to be an excellent geological and structural location, within the highly prospective Kenieba Inlier of Western Mali, which is known to host a number of very large gold deposits, including the Loulou 12.5Moz deposit (Randgold Resources ('Randgold')) and the Sabodala 2Moz deposit (Teranga Gold).

The Kossanto West tenements lie immediately to the north Indiana's Koussikoto Ouest Project. At Koussikoto Ouest, where significant intercepts from recently completed reconnaissance drilling included:

- 8m @ 3.37 g/t Au, from 12m;
- 5m @ 4.86 g/t Au, from 12m; and
- 4m @ 2.16 g/t Au, from 4m.

Kossanto West was previously the subject of a JV between Cradle Arc and Randgold Resources (Randgold), where work programmes completed under the previous joint venture included mapping, soil and Mobile Metal Ions sampling, trenching, Reverse Circulation drilling and Induced Polarisation geophysics. Randgold withdrew from the joint venture in 2012. Indiana believes that the encouraging results of exploration previously carried out at Kossanto West, together with a substantial available data base, represent a solid exploration opportunity for the Company.

During the year Cradle Arc was placed into administration and subsequently liquidation. Indiana has continued to work with the receivers during the time to try and negotiate to purchase the tenements outright. To date this has not been able to be achieved due to outstanding fees due on the tenements to the Government of Mali. The Company is now engaging directly with the Government to negotiate grant of the licences direct to its local subsidiary, Mukuyu Resources SARL.

Ntaka Hill Retention Licence

Discussions continued during the year with the Tanzanian with the Ministry of Minerals in order to resolve tenure for Ntaka Hill and confirm the Company's commitment to progressing development plans for the project. The Company notes recent progress made by several companies such as Walkabout Resources Limited, Black Rock Mining Limited and Kibaran Resources Limited all of whom have recently been able to progress their projects with support and endorsement from the Tanzanian Government. Indiana is encouraged by these developments and remains committed to working with the Tanzanian Government on a suitable development plan for Ntaka Hill.

The meetings in Tanzania was very positive, with Indiana confirming its commitment to progressing development plans for Ntaka Hill and its willingness to engage with the government on ensuring changes to the resources industry legal and regulatory framework are incorporated into those development plans. To support its negotiations with Government and demonstrate its commitment to Ntaka Hill, the Company is actively working on a submission for the Ministry of Minerals that will address three key areas – Regulatory, Development and Financing. It is planned to lodge this submission with the Ministry in October 2019.

Regulatory

The Company is currently reviewing regulatory changes introduced by the Government in July 2017 and January 2018 to consider changes that may be required to the structure and reporting framework for Ntaka Hill. The Company has engaged Perth based lawyer Krista Bates, Partner at Lavan Legal and Head of Mining and Resources to advise the Company on the required changes and to support their implementation. Ms Bates is highly experienced in working in Tanzania and has been actively working with other organisations on providing advice on changes to the Tanzanian mining code.

Development

The Company has reviewed activities that would be required to commence development activities at Ntaka Hill. These activities include additional drilling to infill the existing resource and upgrade the resource classification, commencement of a desk top Feasibility Study and commencement of a Scoping Study for the Environmental and Social Impact Assessment (ESIA).

The drill programme would be used to upgrade the resource model included in the Scoping Study completed in 2017 so it can be released to the market. The Scoping Study was completed on the basis of a small-scale high-grade development option. In the current market this remains a feasible solution and the additional information gained from drilling will guide the advancement of a Feasibility Study.

The Company has maintained its site infrastructure (refer Figures 7) at Ntaka Hill which include a core shed, assay preparation laboratory, field offices and camp. The Company has retained an in-country exploration team and is currently recruiting a Country Manager to support its activities in country, which means it is well placed to immediately commence drilling and development studies to advance the Project on finalisation of discussions with the Government.

Directors Report

Financing

Indiana is in discussions with interested parties to support financing for advancing development activities for Ntaka Hill. Given the current interest in high grade nickel sulphide projects close to development there is solid interest from parties willing to invest in development activities. Discussions to date have focused on securing funding support for development activities as outlined above, with a focus on drilling activities to commence as a priority.

The Company remains confident that a resolution can be reached that confirms tenure for Ntaka Hill and is keen to ensure historic value of this asset is recognised for the benefit of shareholders.

UNLISTED SECURITIES

	Unlisted options
Balance at 1 July 2018	4,590,088
Issued during the year	2,407,969
Cancelled or lapsed during the year	(100,000)
Exercised during the year	(307,969)
Balance at 30 June 2019	6,590,088
Issued subsequent to year-end	1,600,000
Cancelled or lapsed subsequent to yearend	(1,218,066)
Total number on issue at the date of this report	6,972,022

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			
1,272,022	24 November 2016	\$0.12	22 July 2021
2,000,000	24 November 2017	\$0.125	23 November 2020
500,000	4 July 2018	\$0.20	4 July 2022
800,000	14 January 2019	\$0.09	14 January 2023
800,000	14 January 2019	\$0.12	14 January 2023
800,000	16 August 2019	\$0.09	16 August 2023
800,000	16 August 2019	\$0.12	16 August 2023
6,972,022			

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.

Directors Report

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.

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.

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 2019 forms part of this financial report.

ANNUAL STATEMENT OF MINERAL RESOURCES

The Mineral Resource estimate for Ntaka Hill is shown below.

Ntaka Hill Mineral Resource Estimate					
Category	Tonnes (000's)	% Ni	% Cu	% Co	Contained Tonnes Ni
Measured	1,124	1.74	0.29	0.06	19,500
Indicated	19,199	0.51	0.12	0.02	98,380
Inferred	35,930	0.70	0.14	0.02	238,500
Total	56,253	0.66	0.14	0.02	356,380

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 that announcement continue to apply and have not materially changed.

Information relating to exploration results for the Mali Gold Projects are based on information reviewed by Mr Craig Hall, whom is a Member of the Australian Institute of Geoscientists. Mr Hall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person in terms of the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('**JORC 2012**'). Mr Hall consents to the inclusion of the information relating to historical exploration results in this announcement in the form and context in which it appears.

ORE RESERVES AND MINERAL RESOURCES GOVERNANCE

The Company reviews its Mineral Resources estimates on an annual basis. The Annual Statement of Mineral Resources 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.



Bronwyn Barnes
Chairman of the Board
PERTH

On the 30th day of September 2019

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.
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 (AUDITED)

The Directors of Indiana present the Remuneration Report for the Group for the financial year ended 30 June 2019. 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 2019 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 2019 financial year (or part of the 2019 financial year).

Remuneration Report

Key management personnel

Name	Position	Details if changed position during 2019 financial year
Chris Van Wijk	Managing Director	Resigned 27 February 2019

Non-Executive Directors during 2019 financial year

Name	Position	Details if changed position during 2019 financial year
Bronwyn Barnes	Chairman	N/A
Derek Fisher	Director	Resigned 15 October 2018
Bruce McFadzean	Director	Resigned 25 February 2019
Morgan Barron	Director	Appointed 15 October 2018; Resigned 19 November 2018
Robert Adam	Director	Appointed 25 January 2019
Steven Zaninovich	Director	Appointed 27 February 2019

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%)
- 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 typically performed by a Nomination and Remuneration Committee are performed by the Board.

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 2019, 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.

Remuneration Report

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.

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; conclusion of a growth transaction that is expected to deliver long-term value to Indiana shareholders.

4.0 Managing Director and Executive remuneration and employment arrangements

4.1 Managing Director remuneration

Mr van Wijk was appointed as Chief Executive Officer on 23 July 2018. He was elevated to Managing Director on 19 November 2018. The terms of Mr van Wijk's contract were determined by the Board and are set out in section 4.2.

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

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 participation, at the Board's discretion, in the STI scheme and LTI scheme.

The key terms of employment for Mr van Wijk for the 2019 financial year to date of resignation are set out below:

Name	Term of Contract	Notice period by either party	Maximum STI opportunity	Maximum LTI opportunity	Base salary including superannuation
Christopher van Wijk ⁽¹⁾	Permanent	Twelve (12) weeks	20%	30%	\$210,000

⁽¹⁾ Resigned 27 February 2019

Any termination entitlements do not deliver windfall payments on termination that are unrelated to performance. The Employee Share Scheme 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, who may seek independent external advice as required.

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 2019 financial year were set by the Board as follows:

	Non- Executive Chairman (\$ per year)	Non-Executive Director (\$ per year)
Base fee rate	50,000	35,000

The Board has determined that should a Non-Executive Director and Chairman 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. The Board has also agreed that payments to Non-Executive Directors for the provision of such services shall be on reasonable commercial terms. Arrangements of this nature that occurred during the year are outlined in 9(ii).

Voting and comments made at the company's 2018 Annual General Meeting

At the 2018 AGM, 75.69% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018.

Remuneration Report

Additional information

The loss of the Group for each of the five years to 30 June 2019 is summarised below:

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Revenue	-	5	262	293	4,200
Loss after income tax	(6,275)	(1,797)	(2,977)	(22,792)	(5,696)

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

	2019 \$	2018 \$	2017 \$	2016 \$	2015 \$
Share price at financial year end (\$) ⁽¹⁾	0.0293	0.063	0.095	0.115	0.012
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(6.41)	(2.9)	(6.9)	(1.81)	(0.93)

(1) The share price is based on a post consolidation basis of 50:1 prior to 2017

6.0 Total Rewards Table: 2019 financial year

	Short Term		Post-Employment	Bonus one off payments)	Termination	Share Based Payments (SBP)	Total
	Salary & Fees	Non-Monetary	Super				
	\$	\$	\$	\$	\$	\$	\$
Directors							
B Barnes	91,082	-	-	-	-	60,000	151,082
D Fisher ¹	14,228	-	-	-	-	-	14,228
B McFadzean ²	11,138	-	-	-	-	-	11,138
C van Wijk ³	155,836	-	13,828	-	-	-	169,664
M Barron ⁴	4,787	-	-	-	-	-	4,787
R Adam ⁵	30,083	-	-	-	-	-	30,083
S Zaninovich ⁶	39,557	-	-	-	-	-	39,557
Total	346,711	-	13,828	-	-	60,000	420,539

1 D Fisher Resigned 15 October 2018

2 B McFadzean Resigned 25 February 2019

3 C Van Wijk Appointed 19 November 2018 and Resigned 27 February 2019

4 M Barron Appointed 15 October 2018 and Resigned 19 November 2018

5 R Adam Appointed 25 January 2019

6 S Zaninovich Appointed 27 February 2019

Remuneration Report

7.0 Total Rewards Table: 2018 financial year

	Short Term		Post-Employment	Bonus (one off payments)	Termination	Share Based Payments (SBP) ⁰	Total
	Salary & Fees	Non-Monetary	Super				
	\$	\$	\$	\$	\$	\$	\$

Directors

B Barnes	50,000	-	-	-	-	186,254	236,254
D Fisher	49,500	-	-	-	-	-	49,500
B McFadzean	49,500	-	-	-	-	-	49,500
C Baird	42,500	-	4,038	-	4,326	34,467	85,331
Total	191,500	-	4,038	-	4,326	220,721	420,585

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 2019 financial year, Options were granted to the Chairman 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

2019		Balance at start of period		Granted as compensation	Vested		Exercised	Forfeited		Other changes	Balance at end of period	
Name and Grant dates	Type of security	Vested	Unvested		Number	%		Number	%		Vested	Unvested
B Barnes	Options	2,000,000	-	1,600,000	-	-	-	-	-	-	3,600,000	-
R Adam	Options	-	-	-	-	-	-	-	-	-	-	-
S Zaninovich	Options	-	-	-	-	-	-	-	-	-	-	-

Fully Paid Shares					
	Balance 1 July 2018	Issued as remuneration	Other Changes	Balance on appointment/ (resignation)	Balance 30 June 2019
Specified Directors:					
B Barnes	2,798,468	-	2,433,490	-	5,231,958
D Fisher ¹	256,457	-	(64,115)	(192,342)	-
B McFadzean ²	124,446	-	(31,112)	(93,334)	-
C van Wijk ³	-	-	-	-	-
M Barron ⁴	-	-	-	-	-
R Adam ⁵	-	-	-	233,334	233,334
S Zaninovich ⁶	-	-	-	-	-
Total	3,179,371	-	2,338,263	(52,342)	5,465,292

¹ D Fisher Resigned 15 October 2018

² B McFadzean Resigned 25 February 2019

³ C Van Wijk Appointed 19 November 2018 and Resigned 27 February 2019

⁴ M Barron Appointed 15 October 2018 and Resigned 19 November 2019

⁵ R Adam Appointed 25 January 2019

⁶ S Zaninovich Appointed 27 February 2019

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 2019
	\$
Director's fee payable to Integra Management ⁽¹⁾	27,500
Consulting fee payable to Integra Management ⁽¹⁾	72,690
Director's fee payable to Mining Consulting Pty Ltd ⁽²⁾	14,583
Consulting fee payable to Mining Consulting Pty Ltd ⁽²⁾	15,500
Director's fee payable to Zivvo Pty Ltd ⁽³⁾	15,684
Consulting fee payable to Zivvo Pty Ltd ⁽³⁾	27,695
Total payable	173,652

(1) Bronwyn Barnes is a director of this company.

(2) Robert Adam is a director of this company.

(3) Steven Zaninovich is a director of this company.

ii) Transactions with key management personnel and their related parties

30 June 2019:

During the year Ms Barnes and Messrs Adam and Zaninovich provided corporate, business development and technical expertise for capital raisings, business development and operational management on the Company's prospects and activities in Mali and Tanzania. The above table of fees reflect this activity. Consulting fees for the year totalled \$115,795 (ex-GST) and these services were undertaken predominantly in the last six months of the financial year.

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 2019	Notes	2019 \$'000	2018 \$'000
CONTINUING OPERATIONS			
Other income	2(a)	2	5
Business development		(70)	(209)
Corporate and administration expenses		(851)	(680)
Depreciation expense		(84)	(93)
Exploration expenses		(1,201)	(300)
Impairment of exploration asset	7	(3,500)	-
Other expenses	2(b)	(571)	(520)
LOSS BEFORE TAX		(6,275)	(1,797)
Income tax expense	3	-	-
NET LOSS FOR CONTINUING OPERATIONS		(6,275)	(1,797)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of tax		-	(31)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(6,275)	(1,828)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)	18	(6.41)	(2.9)
Diluted loss per share (cents)	18	(6.41)	(2.9)

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 2019	Notes	2019 \$'000	2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	4	380	784
Trade and other receivables	6	115	308
TOTAL CURRENT ASSETS		495	1,092
NON-CURRENT ASSETS			
Exploration and evaluation expenditure assets	7	4,148	6,700
Plant and equipment	8	106	135
TOTAL NON-CURRENT ASSETS		4,254	6,835
TOTAL ASSETS		4,749	7,927
CURRENT LIABILITIES			
Trade and other payables	9	1,290	263
Provisions	10	-	1
Borrowings	11	315	-
TOTAL CURRENT LIABILITIES		1,605	264
NON-CURRENT LIABILITIES			
Deferred Tax Liability		5	-
TOTAL NON CURRENT LIABILITIES		5	-
TOTAL LIABILITIES		1,610	264
NET ASSETS		3,139	7,663
EQUITY			
Contributed equity	12	13,026	11,645
Reserves	13(a)	6,217	5,847
Accumulated losses	13(b)	(16,104)	(9,829)
TOTAL EQUITY		3,139	7,663

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 2019

	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share Based Equity Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2018	10,053	4,725	1,228	(8,032)	7,974
Total comprehensive income for the year					
- Loss for the year	-	-	-	(1,797)	(1,797)
- Foreign exchange translation differences	-	(31)	-	-	(31)
Total comprehensive income 30 June 2018	-	(31)	-	(1,797)	(1,828)
Transactions with owners in their capacity as owners:					
- Issue of shares net of transaction costs	1,297	-	-	-	1,297
- Employee share based payments	-	-	220	-	220
- Contractor share based payments	295	-	(295)	-	-
Balance at 30 June 2018	11,645	4,694	1,153	(9,829)	7,663
Total comprehensive income for the year					
- Loss for the year	-	-	-	(6,275)	(6,275)
- Foreign exchange translation differences	-	287	-	-	287
Total comprehensive income 30 June 2019	-	287	-	(6,275)	(5,988)
Transactions with owners in their capacity as owners:	-				
- Issue of shares net of transaction costs	1,381	-	-	-	1,381
- Employee share based payments	-	-	83	-	83
Balance at 30 June 2019	13,026	4,981	1,236	(16,104)	3,139

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 2019	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,411)	(761)
Interest and other receipts		2	7
Payment of exploration expenditure		(124)	(651)
Net cash outflow from operating activities	14	(1,533)	(1,405)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of prospecting tenements		-	(166)
Payment for plant and equipment		(6)	-
Net cash outflow from investing activities		(6)	(166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		1,078	1,368
Direct costs of equity issues		(107)	(71)
Proceeds from borrowings		316	-
Net cash inflow from financing activities		1,287	1,297
NET DECREASE IN CASH AND CASH EQUIVALENTS		(252)	(274)
Opening cash and cash equivalents		784	1,063
Effect of foreign exchange movement on cash		(152)	(5)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	4	380	784

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 2019

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 2019 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 Level 1, The Perth Business Centre, 45 Ventnor Avenue, 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 30 September 2019.

(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.

(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 2018 were adopted in full by the Group.

AASB 9 Financial Instruments

The adoption of AASB 9 Financial Instruments from 1 July 2018 has not affected balances of the Group because no financial instrument held by the Group are recognised or measured differently by this standard.

AASB 15 Revenue from Contracts with Customers

The adoption of AASB 15 Revenue from Contracts with Customers from 1 July 2018 has not affected balances of the Group because no revenue or potential revenue of the Group is recognised or measured differently by this standard.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

(vi) 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 2019. 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 2019

(a) BASIS OF PREPARATION (Continued)

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 Group does not have material operating leases with a term 12 months or longer. Therefore, it is expected the impact will be immaterial.

(vii) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss of \$6,275,000 and had net cash outflow from operating activities of \$1,533,000 for the year ended 30 June 2019. As at that date, the Group had cash and cash equivalents of \$380,000 and a net current asset deficiency of \$1,110,000. The ability of the Group to continue as a going concern is primarily dependent on securing additional funding through the issue of additional equity securities.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after the consideration of the following factors:

- The Company has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital;
- On 26 June 2019, pursuant to a prospectus the Company undertook a non-renounceable pro-rata entitlement offer (entitlement offer) to shareholders, that resulted in a total of \$372,420 being raised through the entitlement offer with shares allotted on 2 July 2019. Entitlements not taken up by eligible shareholders form the shortfall offer which is a separate offer made pursuant to the prospectus announced on 26 June 2019. The issue price for the shortfall offer will be \$0.024 each, the same price as the entitlement offer. The Directors are currently working with parties on the placement of the shortfall offer which will result in an additional raise of a maximum of \$850,000;
- The net current asset deficiency at 30 June 2019 included borrowings amounting to \$315,000. Subsequent to year end the Group settled the borrowings through the issue of shares; and
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to reduce its working capital requirements.

Due to the working capital position of the Group as at the reporting date, the Group will need to raise capital in the next 12 months. This indicates a significant uncertainty as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

(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.

Notes to the Financial Statements

30 June 2019

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 2019 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 Company. The Company 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.

(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.

Notes to the Financial Statements

30 June 2019

(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 profit or loss.

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 AND EVALUATION

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.

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.

Notes to the Financial Statements

30 June 2019

(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.

(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.

Notes to the Financial Statements

30 June 2019

(j) FOREIGN CURRENCY TRANSLATION - Continued

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.

(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 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 an appropriate 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 an appropriate valuation model.

Notes to the Financial Statements

30 June 2019

(m) EMPLOYEE BENEFITS - Continued

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 expected credit losses. 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.

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 expected credit losses 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

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest.

Notes to the Financial Statements

30 June 2019

(r) FINANCIAL INSTRUMENTS - Continued

All other financial instrument assets are 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. Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured with a 12-month expected credit loss model unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss model is adopted.

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income.

Hedge accounting requirements align the accounting treatment with the Group's risk management activities. The Group does not currently have any impaired financial assets, financial liabilities with changes in fair value due to credit risk presented in other comprehensive income, or financial instruments requiring hedge accounting.

(s) 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.

(t) COMPARATIVE FIGURES

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

(u) 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.

(v) SEGMENT REPORTING

Segment results that are reported to the Group's Board of Directors (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.

(w) 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.

(x) 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 2019

2. INCOME AND EXPENSE ITEMS

2019	2018
\$'000	\$'000

Net loss included the following items of revenue and expense:

(a) Other Income

Interest income

2	5
2	5

(b) Other Expenses

Foreign exchange loss

53	6
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Other

-	2
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Salaries

422	291
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Share based payments

83	220
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Superannuation

13	4
----	---

Changes in leave provision

-	(3)
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571	520
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Notes to the Financial Statements

30 June 2019

3. INCOME TAX

2019	2018
\$'000	\$'000

Reconciliation between aggregate tax expenses recognised in the consolidated statement of profit or loss and other 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	(6,275)	(1,797)
At the parent entity's statutory income tax rate of 30% (2018: 30%)	(1,883)	(539)
Non-deductible expense - share based payments	25	66
Deferred tax assets not recognised	1,858	473
Income tax benefit	-	-

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 \$18.6 million (2018: \$18.1 million), and Tanzania \$19.1 million (2018: \$19.1 million).

4. CASH AND CASH EQUIVALENTS

Cash at bank	365	784
Cash on deposit	15	-
	380	784

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 (2018: Nil).

Notes to the Financial Statements

30 June 2019

6. TRADE AND OTHER RECEIVABLES

	2019 \$'000	2018 \$'000
Accounts and other receivables	4	85
Prepayments	-	29
Security bonds	4	10
Goods and services tax receivable	107	61
Mukuyu loan receivable ⁽¹⁾	-	123
	<u>115</u>	<u>308</u>

⁽¹⁾ On the 2nd July 2018 subsequent to year end the company completed the acquisition of Mukuyu Resources and its subsidiaries. Prior to completion, the Company commenced a drilling program in Mali which was funded via a loan to Mukuyu.

7. EXPLORATION & EVALUATION EXPENDITURE ASSETS

Exploration & evaluation expenditure assets	4,148	6,700
<i>Reconciliation of exploration and evaluation expenditure assets</i>		
Carrying amount at beginning of year	6,700	6,700
Additions via acquisition of subsidiary	948	-
Impairment	(3,500)	-
Carrying amount at the end of the year	<u>4,148</u>	<u>6,700</u>

Ntaka Hill Project – Rights to Tenure

The Written Laws (Miscellaneous Amendments) Act and the Mining (Mineral Rights) Regulations 2018 (**Regulations**) published in January 2018 in Tanzania, as they relate to mining rights, included a provision that all retention licences issued prior to the date of publication of the Regulations are cancelled and cease to have legal effect. The Company's interest in the Ntaka Hill Project has been held in the form of a Retention Licence.

Owing to provisions contained in the Regulations, some uncertainty exists as to the Group's tenure at Ntaka Hill. In accordance with Australian Accounting Standards, an indication of impairment may exist if the right to explore in the specific area has expired during the period and is not expected to be renewed. The Group has been engaged in discussions with the Tanzanian Government and has made a submission on the history of Ntaka Hill, the benefits of the tenure, previous investment and recommendations on how to proceed on a basis in the interest of all parties including the conversion of the Retention License to an alternative type of license. To date the Group has received no formal correspondence or notification from the Government of Tanzania.

In addition to the submission, the Group has also made an application for a Prospecting License over the area covered by the Retention License. The Group has been engaged in constructive dialogue with the Government of Tanzania and will continue to do so.

Acquisition of Mukuyu Resources Limited

On the 2 July 2018 Indiana completed the acquisition of Mukuyu Resources Limited ("Mukuyu"). Mukuyu is the owner of interests in two highly prospective gold exploration licences in western Mali, Koussikoto Ouest ("Koussikoto"), in which it holds 75% and Kenieko Nord ("Kenieko"), in which it holds 95%, with the remaining interest in both licences being held by local partners.

The directors have determined that this transaction is classified as an asset acquisition and not a business combination.

Notes to the Financial Statements

30 June 2019

7. EXPLORATION & EVALUATION EXPENDITURE ASSETS (continued)

Acquisition of Mukuyu Resources Limited

Consideration

Consideration for the acquisition of Mukuyu was as follows:

- Upfront consideration of 6,500,000 ordinary shares in Indiana which at the share price of \$0.06 on completion date gives a consideration of \$409,500.
- Deferred consideration to be recognised in future financial reporting periods when hurdles are completed satisfactorily that meet the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves:
 - 10,000,000 shares on the delineation of a mineral resource of 500,000 ounces of gold on the Mukuyu projects, subject to at least 250,000 ounces being in the category of Indicated Resources; and
 - 12,500,000 shares and 6,500,000 options with an exercise price of \$0.20 and a term of four years from date of issue, on the delineation of a mineral resource of 1,000,000 ounces of gold on the Mukuyu projects, subject to at least 500,000 ounces being in the category of Indicated Resources.

Fair value of net assets acquired

The initial fair value of assets and liabilities recognised as a result of the Mukuyu acquisition are as follows:

	2 July 2018 \$'000
Assets	
Cash at bank	16
Receivables	45
Exploration and evaluation asset	948
Plant and equipment	89
Liabilities	
Trade and other payables	(688)
Fair value of net assets acquired	410

8. PLANT AND EQUIPMENT

	2019 \$'000	2018 \$'000
Plant and equipment	971	1,030
Less: Accumulated depreciation	(927)	(942)
	44	88
Furniture and fittings	124	128
Less: Accumulated depreciation	(119)	(119)
	5	9
Motor vehicles	264	169
Less: Accumulated depreciation	(207)	(131)
	57	38
	106	135

Notes to the Financial Statements

30 June 2019

9. TRADE AND OTHER PAYABLES

	2019 \$'000	2018 \$'000
Trade creditors	1,016	167
Accrued expenses	266	27
Other creditors	8	69
	<u>1,290</u>	<u>263</u>

10. PROVISIONS

Current

	2019 \$'000	2018 \$'000
Employee benefits	-	1
	<u>-</u>	<u>1</u>

11. LOANS AND BORROWINGS

Current

	2019 \$'000	2018 \$'000
Convertible notes	315	-
	<u>315</u>	<u>-</u>

The convertible note has an interest rate of 8%p.a. Subsequent to 30 June 2019, the Group settled the borrowings through the issue of shares.

Notes to the Financial Statements

30 June 2019

12. CONTRIBUTED EQUITY

	2019		2018	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	105,994,876	13,026	79,053,677	11,645
(b) Movement in Fully Paid Ordinary Shares				
Beginning of the financial year	79,053,677	11,645	53,872,727	10,053
Shares issued under the Employee share scheme	-	-	3,488,265	295
Shares issued under the Employee share scheme	307,969	-	-	-
Issue of shares, net of cost	20,133,230	971	21,042,685	1,297
Issue of shares as consideration for Mukuyu option fee	-	-	650,000	-
Issue of shares as consideration for acquisition of Mukuyu	6,500,000	410	-	-
End of the financial year	105,994,876	13,026	79,053,677	11,645

(c) Ordinary Shares and capital management

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.

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. 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

30 June 2019

13. RESERVES AND ACCUMULATED LOSSES

	2019	2018
	\$'000	\$'000
(a) Reserves		
Foreign currency translation reserve	4,981	4,694
Share based equity reserve	1,236	1,153
	<u>6,217</u>	<u>5,847</u>
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	4,694	4,725
Currency translation differences arising during the year, net of tax	287	(31)
Balance at end of year	<u>4,981</u>	<u>4,694</u>
<i>Share based equity reserve</i>		
Balance at beginning of year	1,153	1,228
Employee Options	83	220
Options converted to shares	-	(295)
Balance at end of year	<u>1,236</u>	<u>1,153</u>
(b) Accumulated losses		
Balance at beginning of year	(9,829)	(8,032)
Net loss attributable to members of Indiana	(6,275)	(1,797)
Balance at end of year	<u>(16,104)</u>	<u>(9,829)</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 Company's foreign subsidiaries.

(ii) Share based equity reserve

The share-based remuneration reserve is used to recognise the fair value of Options issued.

Notes to the Financial Statements

30 June 2019

14. STATEMENT OF CASH FLOWS

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

Loss after income tax	(6,275)	(1,797)
Add / (deduct) non-cash items:		
Depreciation	84	93
Impairment of exploration and evaluation asset	3,500	-
Share based payments	83	220
Net exchange differences	(21)	10
Changes in assets and liabilities:		
Receivables	70	358
Payables	1,027	(286)
Provisions	(1)	(3)
Net cash flows used in operating activities	<u>(1,533)</u>	<u>(1,405)</u>

Non-cash investing and financing activities

The Company issued 6,500,000 shares for acquisition of subsidiary with total consideration of \$409,500.

Notes to the Financial Statements

30 June 2019

15. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Country of incorporation	Class of shares	Equity Holding	
			2019 %	2018 %
Frugal Mining Pty Ltd	Australia	Ordinary	100	100
Outback Iron Pty Ltd	Australia	Ordinary	51	51
Pan African Resources Pty Ltd	Australia	Ordinary	100	100
Zanzibar Gold Pty Ltd	Australia	Ordinary	92	92
Continental Nickel Limited	Canada	Ordinary	100	100
Noble Mineral Resources Pte Ltd	India	Ordinary	100	100
Goldstream Mozambique Limitada	Mozambique	Ordinary	100	100
Anga Resources Limited	Tanzania	Ordinary	86	86
Duma Minerals (Tanzania) Limited	Tanzania	Ordinary	92	92
Kudu limited	Tanzania	Ordinary	100	100
Mukuyu Resources Limited	Cyprus	Ordinary	100	-
Olive Mining SARL	Mali	Ordinary	75	-
Lucky Miners SARL	Mali	Ordinary	95	-
Chi So Mining Company Limited	Mali	Ordinary	100	-
Nachingwea Nickel Limited	Tanzania	Ordinary	58	58
Ngweni Limited	Tanzania	Ordinary	86	86
Nyati Mining (Tanzania) Limited	Tanzania	Ordinary	100	100
Pan African Resources (Tanzania) Limited	Tanzania	Ordinary	100	100
Warthog Resources 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

Notes to the Financial Statements

30 June 2019

16. EXPENDITURE COMMITMENTS

2019	2018
\$'000	\$'000

Exploration Commitments

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

- not later than one year	900	980
- later than one year and not later than five years	-	-
	<u>900</u>	<u>980</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, Outback Iron Pty Ltd (Outback), itself a 51% owned subsidiary of the Company. 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, the Company 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 Termite 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 The Company 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 concluded in September 2017. No proceedings have commenced against the Company. The basis of the Liquidators' claim is that Termite should not have repaid loans to Outback until the life of mine obligations under mining and logistics contracts were provisioned for. The Company understands the proceedings were defended, one basis being that the joint venture loans were repaid well before the appointment of administrators, when iron ore prices significantly exceeded costs of production and sale.

A Court has both accepted this fact and also found that Termite was not insolvent when the joint venture loans were repaid, though found against the directors on other grounds related to their roles in Termite.

The liquidators have not brought any claim against the Company or other joint venturer. Termite's liquidators and the directors have each appealed other findings in the judgment, including in relation to quantum. The Company understands the directors are fully covered under a Directors and Officers 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 unless claims on former officer indemnities within Indiana's constitution are made and are not time barred.

Notes to the Financial Statements

30 June 2019

18. LOSS PER SHARE

	2019 \$	2018 \$
Loss per share		
Basic (cents)	(6.41)	(2.9)
Diluted (cents)	(6.41)	(2.9)
	\$'000	\$'000
Reconciliation of Loss to Profit or Loss		
Net Loss attributable to shareholders of the Company	(6,275)	(1,797)
Loss used in calculating basic loss per share	(6,275)	(1,797)
	2019 Basic & Diluted	2018 Basic & Diluted
Weighted average number of ordinary shares used to calculate basic and diluted loss per share		
Weighted average number of ordinary shares	61,963,977	61,963,977

19. AUDITORS' REMUNERATION

	2019 \$	2018 \$
RSM Australia: Audit or review of financial statements	40,250	40,000
RSM Tanzania: Audit or review of financial statements	71,631	36,615
	111,881	76,615

No other services were provided by RSM Australia during the period.

Notes to the Financial Statements

30 June 2019

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 (resigned on 15 October 2018)
Bruce McFadzean	Non-Executive Director (resigned on 25 February 2019)
Christopher van Wijk	Managing Director (resigned on 27 February 2019)
Morgan Barron	Non-Executive Director (resigned on 19 November 2018)
Robert Adam	Non-Executive Director (appointed on 25 January 2019)
Steven Zaninovich	Non-Executive Director (appointed on 27 February 2019)

(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	2019	2018
	\$000	\$000
Short-term employee benefits	347	192
Post-employment benefits	14	4
Termination benefits	-	4
Share based payments	60	221
	<u>421</u>	<u>421</u>

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.

Notes to the Financial Statements

30 June 2019

21. RELATED PARTY DISCLOSURES (Continued)

(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:

	2019 \$	2018 \$
Director's fee payable to Integra Management ⁽¹⁾	27,500	13,750
Consulting fee payable to Integra Management ⁽¹⁾	72,690	11,550
Director's fee payable to Mining Consulting Pty Ltd ⁽²⁾	14,583	-
Consulting fee payable to Mining Consulting Pty Ltd ⁽²⁾	15,500	-
Director's fee payable to Zivvo Pty Ltd ⁽³⁾	15,684	-
Consulting fee payable to Zivvo Pty Ltd ⁽³⁾	27,695	-
Total	173,652	25,300

⁽¹⁾ Bronwyn Barnes is a Director of this company

⁽²⁾ Robert Adam is a Director of this company

⁽³⁾ Steven Zaninovich is a Director of this company

ii) Transactions with key management personnel and their related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

30 June 2019:

During the year Ms Barnes and Messrs Adam and Zaninovich provided corporate, business development and technical expertise for capital raisings, business development and operational management on the Company's prospects and activities in Mali and Tanzania. The above table of fees reflect this activity. Consulting fees for the year totalled \$115,795 (ex-GST) and these services were undertaken predominantly in the last six months of the financial year.

30 June 2018

During the year transactions with Ms Barnes came to a total of \$81,375 (ex-GST) for consulting services. This related to consulting services performed between the months of January 2018 and June 2018 relating to the acquisition of tenements in Mali, a site visit to Mali and other consulting services in the period the company was absent a Managing Director/CEO.

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

30 June 2019

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 2019 stood at 13.77% (2018: 13.77%).

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 30% interest.

22. OPERATING SEGMENTS

The consolidated entity operates within two geographical segments within mineral exploration being Tanzania and Mali. The segment information provided to the chief operating decision maker is as follows:

	Tanzania	Mali	Corporate	Total
	\$'000	\$'000	\$'000	\$'000
Year Ended 30 June 2019				
Revenue	-	-	2	2
Result	(3,500)	(948)	(1,827)	(6,275)
Total assets	3,200	948	601	4,749
Total liabilities	-	591	1,019	1,610
	Tanzania	Corporate	Total	
	\$'000	\$'000	\$'000	
Year Ended 30 June 2018				
Revenue	-	5	5	
Result	(554)	(1,243)	(1,797)	
Total assets	7,675	252	7,927	
Total liabilities	(24)	(240)	(264)	

22. 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.

Financial risk management is carried out by the Board of Directors. 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:

Notes to the Financial Statements

30 June 2019

Consolidated	Note	2019 \$'000	2018 \$'000
<i>Financial Assets</i>			
Cash and cash equivalents	4	380	784
Trade and other receivables – current	6	115	308
Total Financial Assets		495	1,092
<i>Financial Liabilities</i>			
Trade and other payables	9	1,290	263
Borrowings	11	315	1
Total Financial Liabilities		1,605	264

(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
2019 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	1.0%	365	-	-	365
Security bonds and deposits	0.98%	-	15	-	15
		365	15	-	380
2018 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	0.64%	713	-	71	784
Security bonds and deposits	1.10%	-	10	-	10
		713	10	71	794

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

Notes to the Financial Statements

30 June 2019

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

(ii) Foreign Exchange Risk

The Group was not significantly exposed to foreign currency risk fluctuations.

(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:

	2019 \$'000	2018 \$'000
Cash and cash equivalents ⁽¹⁾	380	784
Trade and other receivables ⁽²⁾	115	308
	<u>495</u>	<u>1,092</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 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.

Contractual maturities of financial liabilities	Less than 1 year \$'000	Between 1 and 2 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
At 30 June 2019				
Trade and other payables and provisions	1,290	-	-	1,290
Borrowings	315			315
Total	<u>1,605</u>	<u>-</u>	<u>-</u>	<u>1,605</u>
At 30 June 2018				
Trade and other payables and provisions	264	-	264	264
Total	<u>264</u>	<u>-</u>	<u>264</u>	<u>264</u>

(d) Fair value measurements

The carrying value of financial assets and financial liabilities as disclosed in this Note are considered to approximate fair value.

Notes to the Financial Statements

30 June 2019

24. Share Based Payments

Consolidated

2019	2018
\$	\$

(a) Value of share based payments in the financial statements

Expensed:

Employee share based payment expense

Unlisted options

Performance rights

Recognised in statement of comprehensive income

82,001 220,721

- 67,794

82,001 288,515

Share based payments to acquire subsidiary:

Fully paid ordinary shares

Recognised on statement of financial position

409,500

-

409,500

-

(b) Summary of Unlisted securities under the Plan

2019	2018
\$000	\$000

(a) Value of share based payments in the financial statements

Expensed:

Employee share based payment expense

Unlisted options

Recognised in profit or loss

83 220

83 220

Share based payments to acquire subsidiary:

Fully paid ordinary shares

Recognised on statement of financial position

410

-

410

-

Options:

Set out below are the summaries of options granted as share based payments:

2019

Grant Date	Expiry Date	Exercise Price	Balance 01/07/18	Granted during the year	Exercised during the year	Expired	Balance 30/06/19
24/11/16	22/07/21	\$0.058	424,007	-	-	-	424,007
24/11/16	22/07/21	\$0.058	424,007	-	-	-	424,007
24/11/16	22/07/21	\$0.058	424,008	-	-	-	424,008
24/11/17	23/11/20	\$0.046	2,000,000	-	-	-	2,000,000
12/02/19	25/01/22	-	-	307,969	(307,969)	-	-
04/07/18	04/07/22	\$0.019	-	500,000	-	-	500,000
14/01/19	14/01/23	\$0.12	-	800,000	-	-	800,000
14/01/19	14/01/23	\$0.09	-	800,000	-	-	800,000
			3,272,022	2,407,969	(307,969)	-	5,372,022

Weighted average exercise price

\$0.056

Notes to the Financial Statements

30 June 2019

2018

Grant Date	Expiry Date	Exercise Price	Balance 01/07/17	Granted during the year	Exercised during the year	Expired	Balance 30/06/18
24/11/16	22/07/19	\$0.085	636,011	-	(636,011)	-	-
24/11/16	22/07/19	\$0.085	852,254	-	(852,254)	-	-
24/11/16	22/07/21	\$0.058	424,007	-	-	-	424,007
24/11/16	22/07/21	\$0.058	424,007	-	-	-	424,007
24/11/16	22/07/21	\$0.058	424,008	-	-	-	424,008
24/11/17	23/11/20	\$0.084	-	750,000	(750,000)	-	-
24/11/17	30/11/20	\$0.084	-	1,250,000	(1,250,000)	-	-
24/11/17	23/11/20	\$0.046	-	2,000,000	-	-	2,000,000
			2,760,287	4,000,000	(3,488,265)	-	3,272,022

Weighted average exercise price \$0.070

Unlisted Options

Valuation of options issued in 2018 and 2019 using Black and Scholes model

Year issued	2018	2019	2019	2019	2019
Grant Date	24 Nov 17	4 Jul 2018	14 Jan 19	14 Jan 19	12 Feb 19
Number of options	2,000,000	500,000	800,000	800,000	307,969
Fair value at grant date (\$)	\$0.084	\$0.02	\$0.038	\$0.038	\$0.041
Share price at grant date (\$)	\$0.084	\$0.063	\$0.051	\$0.051	\$0.041
Adjusted Exercise price (\$)	Nil	\$0.2	\$0.09	\$0.12	-
Expected volatility	100%	76.3%	134.2%	134.2%	100%
Option life	3 years	4 years	4 years	4 years	2.95 years
Expected dividends	-	-	-	-	-
Risk free interest rate	1.86%	2.19%	1.79%	1.79%	2.04%

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of the unlisted share options outstanding as at 30 June 2019 is 3.77 years (2018: 2.18 years).

Notes to the Financial Statements

30 June 2019

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2019, the parent company of the Group was Indiana Resources Limited.

	2019 \$'000	2018 \$'000
Results of the parent entity		
Loss for the year (after tax)	(764)	(995)
Other comprehensive income	-	-
Total comprehensive loss for the year	(764)	(995)
Financial position of the parent entity at year end		
Current assets	387	984
Total assets	2,738	1,719
Current liabilities	(667)	(240)
Total liabilities	(983)	(240)
Net Assets	1,755	1,479
Total equity of the parent entity comprising of:		
Share capital	12,321	11,645
Reserves	2,042	1,678
Accumulated losses	(12,608)	(11,844)
Total Equity	1,755	1,479

Guarantees

The parent entity has no guarantees as at 30 June 2019 and 30 June 2018.

Commitments

The parent entity has no material commitment for the year ended 30 June 2019 and 30 June 2018.

25. SUBSEQUENT EVENTS

Subsequent to year end, the Group:

- Completed a placement of 12,500,000 shares to professional and sophisticated investors to raise \$300,000. These shares were issued on 2 July 2019;
- On 17 July 2019 the non-renounceable pro-rata entitlement offer announced on 26 June to raise potentially \$990,000 was extended through to 31 July 2019.
- On 23 July 2019 final legal agreements for the Joint Venture for Saboussire, West Mali, were completed with FIMOCO SARL;
- The Entitlement Offer announced on 26 June 2019 and extended to 31 July 2019 closed with a shortfall of 35.4 million shares, equivalent to \$851,000. The Directors may place the Entitlement Offer Shortfall at their discretion within three months of the close of the Entitlements Offer; and
- On 8 August 2019 an Extraordinary Meeting of Shareholders was held to ratify the settlement of the Conversion Note facility, the issue of shares in settlement for directors and consulting fees, refreshing the company's capacity under ASX Listing Rule 7.4 and issue of options to directors. As a result, the loan referred to in Note 8 has now been repaid.

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 2019 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.
- (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 2019.

On behalf of the Board



Bronwyn Barnes

Chairman

PERTH

On this 30th day of September 2019

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

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 2019, 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 2019 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.

Emphasis of Matter

We draw attention to Note 7 in the financial statements, which describes the possible effect on the retention licence relating to the Ntaka Hill Project held by the Group as a result of The Written Laws (Miscellaneous Amendments) Act and the Mining (Mineral Rights) Regulations 2018 which were published in January 2018 in Tanzania. Our opinion is not modified in respect of this matter.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Group incurred a loss of \$6,275,000 and had net cash outflows from operating activities of \$1,533,00 for the year ended 30 June 2019. As at that date, the Group had net current liabilities of \$1,110,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure Refer to Note 7 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$4,148,000 as at 30 June 2019.</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 if so, judgement applied to determined and quantify any impairment loss; 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 included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the specific area; • Evaluated the impairment recognised and the resulting recoverable value of the area of interest at the reporting date; • Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future.
Acquisition of Subsidiary Refer to Note 7 in the financial statements	
<p>During the year, the Group acquired a 100% interest of Mukuyu Resources Limited and its subsidiaries for a purchase consideration of \$409,500.</p> <p>The accounting for this acquisition is considered to be a key audit matter because it involved the exercise of judgment in relation to:</p> <ul style="list-style-type: none"> • Determining whether the transaction is a business combination or an asset acquisition, based on whether the definition of a business in AASB 3 <i>Business Combinations</i> was met; • Determining the fair value of the consideration paid, including recognition and measurement under AASB 2 <i>Share-based Payment</i>; and • Determining the acquisition date. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Reviewing the Share Sale Agreement to understand the transaction and the related accounting considerations; • Evaluating the management determination that the acquisition did not meet the definition of a business and therefore was an asset acquisition as opposed to a business combination; • Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired; • Assessing management's determination of the fair value of consideration paid; and • Assessing the appropriateness of the disclosures in the financial report.

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 2019 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 for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Indiana Resources Limited, for the year ended 30 June 2019, 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: 30 September 2019

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Indiana Resources Limited for the year ended 30 June 2019, 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: 30 September 2019

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 27 September 2019.

(a) DISTRIBUTION OF EQUITY SECURITIES

Ordinary Shares

			Number of holders	Number of shares
1	-	1,000	132	32,587
1,001	-	5,000	55	140,412
5,001	-	10,000	73	596,213
10,001	-	100,000	223	7,829,954
100,001		and over	122	139,415,527
			605	
Number of holders holding less than a marketable parcel of shares			256	1,486,112

Unlisted Options

			Number of holders	Number of Unlisted Options
1	-	10,000	-	-
10,001	-	100,000	-	-
100,001		and over	8	6,590,088
			8	6,590,088

ASX Additional Information

(b) TWENTY LARGEST SHAREHOLDERS

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

Rank	Name	Units	% of Units
1.	INVESTMET LIMITED	17,910,728	12.10
2.	MR PETER OWEN ANDERTON	13,063,414	8.83
3.	MR STUART CAMERON BARNES + MRS BRONWYN BARNES <S & B BARNES FAMILY A/C>	8,789,655	5.94
4.	BPM CAPITAL LIMITED	8,000,000	5.40
5.	MS BETTY JEANETTE MOORE	6,525,000	4.41
6.	APOLLO CONSOLIDATED (WA) PTY LTD	5,771,978	3.90
7.	MR PHILIP COLIN HAMMOND	5,762,500	3.89
8.	MR PHILIP COLIN HAMMOND + MRS BETTY JEANETTE MOORE <MGB SUPER A/C>	3,147,653	2.13
9.	MR IAN MICHAEL PATERSON PARKER + MRS CATRIONA SYLVIA PARKER <PARKER SUPER FUND A/C>	2,972,894	2.01
10.	MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPER A/C>	2,700,983	1.82
11.	ONE MANAGED INVESTMENT FUNDS	2,663,539	1.80
12.	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,654,098	1.79
13.	C & M CO PTY LTD <K & C FAMILY A/C>	2,062,545	1.39
14.	ELLAMAR PTY LTD <KB INVESTMENT A/C>	2,000,000	1.35
15.	MR GEORGE HAROLD FOTIOS	2,000,000	1.35
16.	GOLD ELEGANT (HK) INVESTMENT LIMITED	2,000,000	1.35
17.	MR BIN LIU	1,844,744	1.25
18.	RAAMPB PTY LTD <THE ADAM SUPER FUND A/C>	1,801,545	1.22
19.	ZIVVO PTY LTD <THE STELLA A/C>	1,779,120	1.20
20.	CASCADE HOLDINGS PTY LTD <FARRAH FAMILY SUPER FUND A/C>	1,550,000	1.05
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		95,000,396	64.18
Total Remaining Holders Balance		53,014,297	35.82

(c) SUBSTANTIAL SHAREHOLDERS

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

INVESTMET LIMITED	12.10
MR PETER OWEN ANDERTON	8.83
MR STUART CAMERON BARNES + MRS BRONWYN BARNES <S & B BARNES FAMILY A/C>	5.94
BPM CAPITAL LIMITED	5.40

(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 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 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
PL 11132/2017 - Kishugu	100%*	Tanzania
Claim Block 4242	50% **	New Brunswick, Canada
Claim Block 5787	50% **	New Brunswick, Canada
PR 13/647 Koussikoto Ouest	75%	Mali
PR 15/736 Kenieko Nord	95%	Mali

* 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