



# India Resources Limited

ABN 77 121 339 704

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2014**

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Andrew Simpson Non-executive Chairman  
Arvind Misra Managing Director  
David Humann Non-executive Director

### COMPANY SECRETARY

Frank Campagna

### REGISTERED OFFICE

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West Perth WA 6005  
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### SHARE REGISTRY

Computershare Investor Services Pty Ltd  
Level 2  
45 St Georges Terrace  
Perth WA 6000 Telephone:  
Facsimile: (61 8) 9323 2033  
E-mail: [perth.services@computershare.com.au](mailto:perth.services@computershare.com.au)  
Web-site: [www.computershare.com.au](http://www.computershare.com.au)

### AUDITORS

BDO Audit (WA) Pty Ltd

### SOLICITORS

Allion Legal Pty Ltd

### BANKERS

National Australia Bank Limited  
Axis Bank

### STOCK EXCHANGE

Shares in India Resources Limited are  
Quoted on ASX Limited (ASX Code: IRL)

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# INDIA RESOURCES LIMITED

## DIRECTORS' REPORT

The Directors of India Resources Limited ("IRL" or "parent entity") present their report on the results and state of affairs of the consolidated entity ("Group" consisting of IRL and its controlled entities) for the half-year ended 31 December 2014.

### DIRECTORS

The names of the Directors of IRL in office during the course of the financial period and at the date of this report are as follows:

Andrew Simpson	Non-executive Chairman
Arvind Misra	Managing Director
David Humann	Non-executive Director

Unless otherwise indicated, all Directors held their position as a director throughout the entire financial period and up to the date of this report.

### RESULTS OF OPERATIONS

The net loss of the consolidated entity for the half year ended 31 December 2014 after provision for income tax was \$2.008M (half year ended 31 December 2013: loss of \$0.926M). Group EBITDA for the half year was a loss of \$1.420M (2013 loss of \$0.173M).

The Half Year result was impacted by the closure of the mine on the 8 September 2014 at the instruction of Hindustan Copper Limited (HCL) pursuant to a stop work order issued by the Jharkhand State Government, India. At the date of this report the mine remains closed.

### REVIEW OF OPERATIONS

IRL continues to target the growing demand for minerals and the prospective geology in India. IRL concentrates on building a profitable copper business while also broadening into other commodities and markets. In addition to the Surda Copper Operations, IRL is executing the Surda Expansion Project as sub-contractor on a back to back basis for an Indian company, Shriram EPC Limited (SEPC). IRL in consortium with Kopex-PBSz is yet to commence the reopening, expansion and operation of the Rakha Copper Mine after receiving a letter of intent from HCL.

IRL's exploration project at Aravalli has achieved a very important milestone in December 2014 with the administrative approval by the Rajasthan Government in favour of IRL's wholly owned subsidiary, Crown Mining Private Limited (CMPL), to be granted the Mining License (ML87/08) over its Aravalli Project.

IRL continues to look for other opportunities in base metals, copper, coal, iron ore and diamonds.

### SURDA COPPER PROJECT

Ore processing was impacted by HCL's stop work instruction given on the 8 of September 2014. The Surda mine is operated by IRL under a work order from HCL, but the mine has been on care and maintenance since September 2014 because of the stop work order. Subsequent to 31 December 2014 a HCL committee agreed to compensate \$0.4M, but HCL are yet to accept liability for the great majority of IRL's losses that to December had amounted to 150M INR (\$2.9M AUD). The same committee also agreed to 63M INR (\$1.2M AUD) for other IRL claims, including amounts awarded by an arbitrator in August 2013. IRL calculates these to be worth 200M INR (\$3.8M AUD).

A decision by the Jharkhand State Government to allow mining to recommence is expected in March 2015, but since receiving the decisions of the claims committee IRL has consistently advised HCL that it cannot and will not recommence operations unless its claims are properly resolved.

The Quarterly copper production from Surda is as follows:

## INDIA RESOURCES LIMITED

<b>Quarterly Production</b>	<b>31-12-14</b>	<b>30-9-14</b>	<b>30-6-14</b>	<b>31-3-14</b>
Ore Mined (Tonnes)	-	76,849	108,599	108,775
Ore Processed (Tonnes)	-	79,782	119,563	132,634
Mill feed Grade (Cu)	-	0.88%	0.82%	0.89%
Concentrate Produced (tonnes)	-	2,505	3,398	4,098
Concentrate Grade (Cu)	-	25.38%	25.72%	26.11%
Recovery	-	93.06%	92.04%	92.74%
Metal concentrate (Tonnes)- Equivalent Mined	-	633	874	880
Metal in Concentrate (Tonnes)	-	660	869	997

### NEW PROJECTS

India Resources alone and with consortium partners explores other mining opportunities and exploration plays in India. These efforts are concentrated in the states of Jharkhand and Rajasthan where the Company's activities are based but are not limited to these areas.

The Surda Expansion Project (IRL subcontractor on a back to back basis for Shriram EPC Limited (SEPC)) is being executed by IRL's 100% owned subsidiary, ICMPL. However, the project was halted by HCL's stop work instruction in September 2014 as result of the order from the Jharkhand Government to stop work while the Surda Mining License was being renewed. The expansion project had been operating simultaneously with the Surda Operations work order.

<b>Quarterly Production</b>	<b>Unit</b>	<b>31-12-14</b>	<b>30-9-14</b>	<b>30-6-14</b>	<b>31-3-14</b>
Excavation of horizontal drive, 3x2.4m	M	-	95.9	95	130.1
Shaft sinking 6.6m diameter	M	-	8.7	9.8	8.2

### Rakha Copper Mine

HCL awarded the Rakha Project through a letter of intent in July 2013 to the IRL/Kopex consortium to re-open, operate and expand the Rakha Copper Mine. Final details and contractual arrangements have been delayed while HCL obtains the necessary environmental clearances associated with the project.

### EXPLORATION ACTIVITIES

#### Base Metals- Rajasthan

The Aravalli Base metals project ML application 87/08 received administrative approval in December 2014 from the Rajasthan State Government. CMPL has the right after providing the required documentation, licensing fees and environmental clearances to be granted the Mining License. Subsequently CMPL has consented to a revised offer of 17.29km<sup>2</sup> for its Mining License application from the Rajasthan State Government. This revised area holds all of IRL-Crown's previously publicly announced Exploration Target mineralisation, (Please see the ASX announcement of 6 March 2015, 'Shareholder Update' for further details).

IRL's application for the Aravalli Project Mining Lease was supported by the Project Monitoring Group. IRL-Crown have received strong support from the Australian Trade commission, the Government of India's Invest India, and are receiving good responses from all levels of Government.

## INDIA RESOURCES LIMITED

### Change to IRL's tenement Listing Update

Significant changes have occurred in the mineral license application process as a result of the Central Government of India's new Bill **THE MINES AND MINERALS (DEVELOPMENT AND REGULATION)(AMENDMENT) BILL, 2014 A BILL further to amend the Mines and Minerals (Development and Regulation) Act, 1957**. (Enacted 12 January 2015). Essentially the bill states that if Reconnaissance Permit (RP), Prospecting License (PL) and Mining License (ML) applications have not been granted, or have no prior approval of the central Government, Memorandum of Understanding (MOU) or Letter of intent (LOI) from the State Governments, then PLs or MLs will be granted on the basis of an auction system. This has had a major impact on India Resource's tenement directory. Two classes of mineralisation have been laid down by the Bill:

1. Notified minerals, (definition from the act, "notified minerals" means iron ore, manganese ore, bauxite limestone and any other mineral which the central Government may, by notification in the official gazette, declare to be a notified mineral." In this case Mining Licenses for notified minerals will be granted under an auction system to deemed eligible candidates by the State and Central Governments.
2. Minerals other than notified minerals a PL-cum-ML will be granted under an auction system to eligible candidates. In this case the successful bidder is expected to carry out the exploration and prospecting work but has the right to apply for the Mining License.

IRL has altered its Tenement Directory to reflect the new Ordinance Bill, all pending applications that are not having an MOU or LOI from State Governments or approval of grant by the Central Government of India are cancelled. IRL's diamond project licenses that are under renewal, PL 306 and 309 and its applications for PL's and ML's that are subject to preferential right are being vigorously followed up by the Company. IRL's tenement directory is now:

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

The tenement directory of IRL has changed significantly because of the new Ordinance Bill compared to the directory in the in the Company's annual report of 2014. The State Governments of India are charged by the Government of India to hold the auctions and IRL will be able to bid for these licenses when the auctions are held. IRL has assessed its License applications and knows their value, so this will give the Company an advantage during the auctioning process.

## INDIA RESOURCES LIMITED

### **Geological Statements**

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

### **Auditor's Independence Declaration.**

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 7.

### **Rounding of Amounts**

The Company is a company of the kind referred to as ASIC class order 98/0100, dated 10 July 1998, and in accordance with that class order, amounts in the Director's Report and Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise stated,

Signed in accordance with a resolution of the Directors.



A Misra  
Managing Director

16 March 2015

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF INDIA RESOURCES LIMITED

As lead auditor for the review of India Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of India Resources Limited and the entities it controlled during the period.



Dean Just  
Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2015

**INDIA RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$`000</b>	<b>\$`000</b>
<b>Revenue from continuing operations</b>	3,431	5,255
Production costs	(3,757)	(4,747)
Employee and directors – remuneration expenses	(159)	(468)
Employee and directors – share based payment expenses	(298)	(4)
Corporate and administrative expenses	(51)	(203)
Depreciation and amortisation	(452)	(591)
Finance costs	(136)	(162)
Exploration and evaluation costs written off	(586)	(6)
	<hr/>	<hr/>
<b>Loss before income tax expense</b>	(2,008)	(926)
Income tax expense	-	-
Loss after income tax	<hr/>	<hr/>
	(2,008)	(926)
<b>Other comprehensive expense</b>		
Items that will be re-classified to profit or loss:		
Exchange differences on translation of foreign operations	153	(45)
	<hr/>	<hr/>
Other comprehensive expense for the half-year, net of tax	153	(45)
	<hr/>	<hr/>
Total comprehensive expense for the half-year	(1,855)	(971)
	<hr/>	<hr/>
Loss is attributable to:		
Shareholders of India Resources Limited	(2,008)	(926)
	<hr/>	<hr/>
Total comprehensive expense for the half-year is attributable to:		
Shareholders of India Resources Limited	(1,855)	(971)
	<hr/>	<hr/>
Loss per share attributable to the ordinary equity holders of the company:	Cents	Cents
Basic and diluted loss per share	(0.25)	(0.14)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income  
should be read in conjunction with the accompanying notes.*



**INDIA RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	Note	31 Dec 2014 \$`000	30 Jun 2014 \$`000
<b>Current assets</b>			
Cash and cash equivalents	2	857	152
Trade and other receivables	3	1,807	2,158
Inventories	4	1,331	1,739
Prepayments		483	403
Other financial assets		-	-
<b>Total current assets</b>		<b>4,478</b>	<b>4,452</b>
<b>Non-current assets</b>			
Other financial assets		177	163
Plant and equipment		4,451	4,450
Mine development		9	4
Deferred exploration expenditure		2,982	3,518
<b>Total non-current assets</b>		<b>7,619</b>	<b>8,135</b>
<b>Total assets</b>		<b>12,097</b>	<b>12,587</b>
<b>Current liabilities</b>			
Trade and other payables		5,089	5,816
Borrowings		1,861	2,413
<b>Total current liabilities</b>		<b>6,950</b>	<b>8,229</b>
<b>Non-current liabilities</b>			
Provisions		520	324
<b>Total non-current liabilities</b>		<b>520</b>	<b>324</b>
<b>Total liabilities</b>		<b>7,470</b>	<b>8,553</b>
<b>Net assets</b>		<b>4,627</b>	<b>4,034</b>
<b>Equity</b>			
Contributed equity		40,448	38,079
Accumulated losses		(33,825)	(31,896)
Reserves		(1,996)	(2,149)
<b>Total equity</b>		<b>4,627</b>	<b>4,034</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**INDIA RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$`000	2013 \$`000
<b>Cash flows from operating activities</b>			
Receipts from customers		3,575	6,074
Payments to suppliers and employees		(4,181)	(5,541)
Interest received		1	7
Interest paid		(135)	(161)
Net Bond receipts (payments)		-	(93)
		<hr/>	<hr/>
<b>Net cash inflow (outflow) from operating activities</b>		(740)	286
<b>Cash flows from investing activities</b>			
Payments for purchase of plant and equipment		(61)	(200)
Payments for mine project development		(5)	(73)
Payments for exploration and evaluation		-	(6)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(66)	(279)
<b>Cash flows from financing activities</b>			
Finance leases		4	9
Issue of shares		1,600	-
Share issue transaction costs		(52)	-
		<hr/>	<hr/>
<b>Net cash inflow (outflow) from financing activities</b>		1,552	9
<b>Net increase (decrease) in cash and cash equivalents</b>		746	16
Cash and cash equivalents at the beginning of the period		(1,536)	(2,076)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(210)	1
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		<u>(1,000)</u>	<u>(2,059)</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**INDIA RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Contributed equity \$` 000	Reserves \$` 000	Accumulated losses \$` 000	Total Equity \$` 000
<b>Balance at 30 June 2013</b>	38,079	(1,668)	(29,765)	6,646
Total comprehensive expense for the half-year	-	(45)	(926)	(971)
<hr/>				
<b>Transactions with owners in their capacity as owners</b>				
Issue of share based payments	-	4	-	4
Transfer from reserves	-	(3)	3	-
<b>Balance at 31 December 2013</b>	<b>38,079</b>	<b>(1,712)</b>	<b>(30,688)</b>	<b>5,679</b>
<hr/>				
<b>Balance at 30 June 2014</b>	38,079	(2,149)	(31,896)	4,034
Total comprehensive expense for the half-year	-	153	(2,008)	(1,855)
<hr/>				
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	1,600	-	-	1,600
Extinguishment of secured loan	523	-	-	523
Issue of share based payments	298	-	-	298
Cost of share issue	(52)	-	-	(52)
Deregistration of subsidiary	-	-	79	79
<b>Balance at 31 December 2014</b>	<b>40,448</b>	<b>(1,996)</b>	<b>(33,825)</b>	<b>4,627</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## INDIA RESOURCES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

#### 1. BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by India Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements have been prepared using the historical cost convention. All amounts are presented in Australian dollars unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period, however the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

There were no new standards issued since 30 June 2014 that have been applied to the Company. The 30 June 2014 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issues but not yet applied as that date, and this remains the assessment as at 31 December 2014.

#### **Going concern**

During the half year ended 31 December 2014, the Group recorded a loss of \$2,008,000 (2013: \$926,000) and at balance date, the Group's current liabilities exceeded its current assets by \$2,472,000 (June 2014: \$3,777,000) and has significant trade creditors with a number past their due date. These issues raise questions as to whether the Group can continue to operate as a going concern.

It is noted that the operating loss for the year includes the following non-cash items:

- depreciation and amortisation expenses of \$452,000; and
- share based payment of \$298,000; and
- a gain on issue of shares of \$203,000.
- exploration written off of \$586,000.

These non-cash items amount to \$1,133,00, leaving a \$875,000 loss that is cash based.

The Group's losses, especially its cash losses, can clearly be attributed to the closure of the Surda mine since 8 September 2014 as a result of Hindustan Copper Limited being unable to renew its mining lease. As a direct consequence IRL has lost its revenue stream from the mine while only being able to avoid some variable costs. IRL considers HCL entirely responsible for its losses, but until now HCL have only been prepared to accept IRL's claims for direct dewatering, care and maintenance costs at the mine.

Simultaneously, the Group continues to pursue a number of claims against HCL for various issues estimated to be worth several million dollars. A HCL committee has given in writing its support for only a small proportion of the claims.

## INDIA RESOURCES LIMITED

The 31 December 2014 financial statements only account for the claims supported by the HCL committee. However IRL's claims are genuine and reasonable, and it remains very confident that an agreement can be reached such that its net current asset deficit can be substantially reduced. Further amounts may then be won through Arbitration on any outstanding claims.

Importantly, the Group has now received administrative approval of its Aravalli Project Mining Lease application. Aravalli is a world-class project that is attracting interest from serious parties that wish to support this project. Therefore, while it remains possible that no agreement can be reached with HCL regarding the Group's various claims, it remains highly plausible that the Group can access funds through other sources to extinguish its liabilities and continue operations.

The Group is going through a very turbulent period consisting of great success and opportunity with Aravalli while simultaneously experiencing heavy losses and uncertainty at the Surda mine. On balance, these factors indicate a reasonable basis to expect that the Group will continue to operate as a going concern. However, the Directors acknowledge that without the continued support provided by the Group's financiers and creditors, the settlement of the ITO appeal on terms favourable to the Group, the reopening of the Surda mine and successful settlement of claims and successful renegotiation of the work order with Hindustan Copper Limited on favourable terms to the Group resulting in positive cash flows and the ability to raise additional finance, the Group may not be able to continue as a going concern and therefore it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at the amounts stated in the financial report.

### ***Significant accounting judgements and key estimates***

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

In preparing the half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

#### ***1(a) Carrying value of Surda Project assets***

The carrying value of the Group's assets relating to plant and equipment, inventory and work-in-progress of the Surda contract copper mining project has been assessed on the basis that the Surda mine will resume operations in the near future despite the Stop Work Notice currently in place and the Work Order Uncertainty (see Note 11). As disclosed in Note 11 the Directors are negotiating with HCL that on the basis that the mine re-opens, HCL will be required to settle outstanding claims by the company and the contract price will be re-negotiated on terms favourable to IRL. On this basis, the Directors consider that these assumptions are reasonable and accordingly the assets are not impaired. Should the Stop Work Notice remain in place and the Group are not able to resume mining operations, there remains a risk that it may not be able to realise its assets relating to the Surda project at the amounts stated in the financial report.

#### ***1(b) Contingent liability – Corporate taxes on Surda Project (Note 8)***

The Indian Income Tax Department (ITO) has assessed Swan Gold Mining Limited (Swan) for the 2010/11 financial year as owing outstanding corporate taxes amounting to 441M INR (\$8.5M AUD), and has subsequently formed a similar view for the 2011/12 financial year but is yet to issue a final assessment order.

As IRL has agreed to indemnify Swan for all liabilities arising out of the contractual arrangement with HCL, the tax liability will fall on IRL.

As disclosed in Note 8, the Directors have not recognised a provision in the half-year financial report on the basis that the assessment is still going through an appeals process and the Directors are satisfied that IRL will not be liable for any amounts claimed by the ITO.

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	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. CASH AND CASH EQUIVALENTS</b>		
For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and on hand	857	152
Bank drawdown facility	(1,857)	(1,688)
Net cash balance	<u>(1,000)</u>	<u>(1,536)</u>
<b>3. RECEIVABLES</b>	<b>31 Dec 2013</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Unsecured loans – other parties	1,759	1,759
Provision for impairment of unsecured loans	(1,759)	(1,759)
Net amount of unsecured loans	<u>-</u>	<u>-</u>
Trade receivables	1,607	2,729
Provision for impairment of trade receivables	(1,042)	(1,115)
Net amount of trade receivables	<u>565</u>	<u>1,614</u>
Other receivables	1,242	544
	<u>1,807</u>	<u>2,158</u>
<b>4. INVENTORY</b>	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Work in progress	149	610
Stores and Spares – at cost	1,182	1,129
	<u>1,331</u>	<u>1,739</u>

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
<b>5. EQUITY SECURITIES ISSUED</b>				
Movements in ordinary shares on issue during the half year:				
Issue of share capital	200,000,000	-	1,600	-
Issue of shares to extinguish loan	90,000,000	-	523	-
Share based payments	55,000,000	-	298	-
Share issue costs	-	-	(52)	-
	<u>345,000,000</u>	<u>-</u>	<u>2,369</u>	<u>-</u>

## 6. FAIR VALUE MEASUREMENT

### Financial Assets and Financial Liabilities that are not Measured at Fair Value on a Recurring Basis

At 31 December 2014 and 30 June 2014, the carrying amounts of trade receivables, trade payables and current borrowings are assumed to approximate their fair values due to their short-term nature.

## INDIA RESOURCES LIMITED

### 7. SEGMENT INFORMATION

#### Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a project and a geographical perspective, and has identified three reportable segments being:

1. Project Office, which primarily consists of the operations at the Surda mine.
2. Expansion Project, which consists of shaft sinking and development work at the Surda mine through the sub-contract with Shriram EPC Limited (SEPC).

Exploration, which includes the pursuit of all exploration projects in India.

#### (a) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments are as follows:

#### (b)

31 December 2014	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	3,118	109	-	204	3,431
Loss before income tax expense	(1,294)	(114)	(586)	(242)	(2,008)
EBITDA (loss)	(714)	(114)	586	(234)	(1,420)
Depreciation and amortisation	462	-	-	-	452
Total segment assets	7,971	370	2,982	774	12,097
Total segment liabilities	6,417	336	-	717	7,470

### 7. SEGMENT INFORMATION (Continued)

Comparatives	Project Office	Expansion Project	Exploration	Corporate	Group
<i>For the 6 months ending 31 December 2013</i>					
Total segment revenue and other income	4,740	514	-	1	5,255
Loss before income tax expense	(270)	62	(6)	(712)	(926)
EBITDA	507	-	(6)	(674)	(173)
Depreciation and amortisation	591	-	-	-	591
<i>As at 30 June 2014</i>					
Total segment assets	8,586	394	3,518	89	12,587
Total segment liabilities	6,345	475	-	1,733	8,553

## INDIA RESOURCES LIMITED

### Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and mine development expenditure. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

### Intersegment Transfers

Segment revenues, expenses and results exclude transfers between segments that are for Group resources accessed at cost.

### EBITDA

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis may exclude the effects of non-recurring expenditure or impairments when these are not considered to reflect the performance of the segment, such as those due to an isolated, non-recurring event or unrealised gains/ (losses) on financial instruments.

The reconciliation of EBITDA to operating profit before income tax is provided as follows:

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>EBITDA</b>	(1,420)	(173)
Finance Costs	(136)	(162)
Depreciation and Amortisation	(452)	(591)
<b>Loss before income tax expense</b>	<b>(2,008)</b>	<b>(926)</b>



## INDIA RESOURCES LIMITED

### 8. CONTINGENT ASSETS AND LIABILITIES

#### Contingent liabilities

The Indian Income Tax Department (ITO) has assessed Swan Gold Mining Limited (Swan) for the 2010/11 financial year as owing outstanding corporate taxes amounting to 441M INR (\$8.5M AUD), and has subsequently formed a similar view for the 2011/12 financial year but is yet to issue a final assessment order. It has taken this view, in contrast to prior years, based on its understanding that Swan is the contractor and IRL is a sub-contractor. The ITO did not accept IRL's argument that it is Swan's SPV, and has determined that Swan must pay corporate tax on all income generated from Surda and it is not allowing Swan any related expenses because it had not had any tax deducted at source. The ITO is yet to scrutinise the following financial years, and it may review its acceptance of previous lodgements.

This decision will fall on IRL because it has agreed to indemnify Swan for all liabilities arising out of contractual arrangement with HCL (see Note 11).

However, IRL has made no provision in its accounts for these assessments. Swan is appealing to a Tribunal which is independent of the ITO citing several incongruities with established Indian tax law principles, and the simple fact that neither Swan nor IRL have made any profit whatsoever during these years. Whilst the outcome of the appeal process remains uncertain, the directors are of the opinion that they will be successful and have therefore not recognised any amounts in relation to this decision within the financial statements.

The Group has given guarantees in respect of its contracted obligations to Hindustan Copper Limited for 10 million INR, or \$192,000 (30 June 2014: \$177,000) and to third parties as securities for lease of business premises for \$11,470 (30 June 2014: \$11,470).

The Group has agreed to provide a Corporate Guarantee to Shriram EPC Limited in respect of its work as sub-contractor at the Surda Expansion Project of up to 139.42 million INR crores (\$2.7M).

The Group has given guarantees in respect of its intent to undertake the Rakha copper project on behalf of Hindustan Copper Limited for 5 million INR, or \$96,000.

#### Contingent assets

IRL is pursuing 350M INR (\$6.7M AUD) for claims at the balance date in relation to outstanding amounts it considers payable in relation to the Arbitration Award dated 31 August 2013, fixed costs relating to the closure of the plant during 2012 and 2013, and losses arising from the mine and plant closure since 8 September 2014. A HCL claims committee has stated in writing its support for 63M INR (\$1.2M) that has been recognised in these accounts. IRL continues to pursue the balance.

In addition to these claims, IRL is continually raising its desire to resolve a number of other substantial, outstanding claims, and is requesting HCL to advise a mechanism through which this can be achieved.

### 9. EXPENDITURE COMMITMENTS

#### Operating leases (non cancellable)

	Consolidated	
	31 December 2014 \$'000	31 December 2013 \$'000
Minimum lease payments		
- not later than one year	44	36
- later than one year but not later than five years	41	82
	<b>85</b>	<b>118</b>

During the half year there was a change in the operating leases with one signed and another expiring.

## INDIA RESOURCES LIMITED

### 10. EVENTS OCCURRING AFTER THE REPORTING DATE

In February 2015 the Government of Jharkhand advised CMPL that its Mining Lease application in relation to the Aravalli Project had two separate blocks of 1729 hectares and 36 hectares respectively that were not conflicting with held and lapsed Mining Leases. The two blocks are not contiguous and therefore need separated applications. In March 2015 CMPL formally accepted the 1729 hectare block.

### 11. SURDA WORK ORDER NOTE AND UPDATE

On 26 March 2007, Hindustan Copper Limited (HCL) granted a works order to Monarch Gold Mining Company Limited (subsequently renamed as Swan Gold Mining Limited (Swan) and subsequently India Resources Limited as a Special Purpose Vehicle to:

- (a) recommission and bring into operations the Surda Mine; and
- (b) bring into operation, at the Group's cost, the Concentrator Plant at Mosaboni, and to mine and beneficiate the ore to produce copper concentrate.

By a deed of appointment effective from 2 January 2007, Swan appointed IRL as a Special Purpose Vehicle (SPV) in India. Under the deed of appointment IRL is required to implement the contractual obligations entered into by Swan and is entitled to all the benefits flowing from that performance and agreed to indemnify Swan for all liabilities arising out of contractual arrangement with HCL.

#### Work Order Uncertainty

IRL has been in communication and discussion with HCL since April 2008 with a view towards achieving an assignment of the works order by the most appropriate means. The Directors were not satisfied with the current arrangement with Swan as the holder of the licence and India Resources Limited operating as the SPV. The Directors of IRL were also aware that there had been an uncertainty regarding the continuity of the arrangement under the work order as a result of the appointment of administrators by Swan, however the Directors do not believe this has any remaining relevance as Swan came out of administration in 2010, HCL never exercised, proceeded to or indicated their intention to do so, and HCL has subsequently offered an extension of the existing contract to Swan.

In the 30 June 2014 financial statements the Directors stated their belief that IRL has a continuing positive relationship with HCL and that HCL had no issue with the Group's ongoing commitment to the contract. The present situation has changed as the issues surrounding the Mine Closure (see below) has strained the relationship.

Nonetheless it has become more important to IRL than ever to bring greater certainty and simplicity into the nature of its relationship with HCL. In recent months the uncertainty of the relationship between HCL, Swan and IRL, and especially the position to this taken by HCL, created sufficient room for the Indian Income Tax Department (ITO) to determine that Swan is the contractor and IRL is a sub-contractor. The ITO did not accept IRL's argument that it is Swan's SPV, and determined that Swan must pay corporate tax on all income generated from Surda and it is not allowing Swan any related expenses because it had not had any tax deducted at source. Accordingly it has determined that Swan owes 441M INR (\$8.5MAUD) for the 2010/11 financial year, and it has advised that it has formed a similar opinion for 2011/12 but it is yet to issue a final assessment order. Swan will raise objections to the assessment within the stipulated time period. The ITO is yet to scrutinise the accounts for the following years, and may review its acceptance of previous lodgements.

Swan is appealing to a Tribunal which is independent of the ITO, citing several incongruities with established Indian tax law principles and the simple fact that neither Swan nor IRL have made any profit whatsoever during the years in question. IRL has made no provision in its accounts for these assessments made against Swan for which it must indemnify Swan.

Swan has also approached the Australian Taxation Office under the Mutual Agreement Procedure.

## INDIA RESOURCES LIMITED

### 11. SURDA WORK ORDER NOTE AND UPDATE (Continued)

#### Surda Mine Closure

On 8 September 2014 the Surda mine and plant was closed at the instruction of HCL pursuant to a stop work order issued by the Jharkhand State Government, India. The stop work order was issued because HCL's mining lease had not been renewed, and at the date of this report the mine remains closed.

The closure has caused massive losses for IRL as it has lost its revenue stream from the mine while only being able to avoid some variable costs. IRL considers HCL entirely responsible for its losses, but until now HCL have only been prepared to accept IRL's claims for direct de-watering, care and maintenance costs at the mine. Simultaneously, IRL continues to pursue a number of claims against HCL for various issues estimated to be worth several million dollars. A HCL committee has given in writing its support for only a small proportion of the claims.

Since learning of HCL's position IRL has consistently maintained that, even if the mine can legally re-open, IRL cannot and will not recommence operations unless its claims are addressed. IRL is far from satisfied with HCL's response to date, and have been actively lobbying with the Ministry of Mines and the Department of Industrial Policy and Promotion to resolve the issue for several months. Additionally, Surda is listed on the issues to be resolved by the two Governments, the Australian Trade Minister, the Honourable Andrew Robb, spoke on behalf of the company when visiting Delhi, and the company has enjoyed the active support of the Australian High Commission and recently the U.S. Embassy.

IRL's contract price is extremely competitive and favourable for HCL, and has and would continue to earn HCL substantial profits. It is uncertain if the mine can re-open if IRL do not continue, leaving all other stakeholders exposed to the danger that it may not re-open. For these reasons, and because of the support IRL has obtained from various parties, the Directors have taken the view that IRL and HCL will be able to sufficiently negotiate the disputes such that mining can recommence.

The 31 December 2014 financial statements have been formed with the assumption that the Surda mine will recommence, and that Surda assets can continue to be accounted for on the value-in-use basis. If operations do not continue then assets such as plant and equipment and inventory may be over-stated. It is not commercial for IRL to continue if its claims are not addressed, however only those claims supported by the HCL claims committee have been included in the 31 December 2014 accounts.

If no agreement can be reached with HCL, and the mine does not open, IRL will nonetheless continue to pursue everything it is entitled to through all avenues available to it. In addition to its claims, it is contractually entitled to be paid for the residual value of fixed plant and equipment in the Surda mine. HCL has the option as to whether it purchases other items.

## INDIA RESOURCES LIMITED

### DIRECTORS' DECLARATION

In the opinion of the directors of India Resources Limited:

1. the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
2. at the date of this declaration and as set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the directors.



A Misra  
Managing Director

16 March 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of India Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of India Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of India Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of India Resources Limited,



would be in the same terms if given to the directors as at the time of this auditor's review report.

#### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*

#### Emphasis of Matter

We draw attention to Note 1(a) in the half-year financial report which describes the uncertainty relating to the recoverability of the consolidated entity's Indian mining operations assets. Our conclusion is not modified in respect of this matter.

#### Emphasis of Matter

We draw attention to Note 1(b) in the half-year financial report which describes the uncertainty relating to a contingent liability in respect of corporate taxes in relation to the Indian mining operations. Our conclusion is not modified in respect of this matter.

#### Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the continued support provided by the consolidated entity's financiers and creditors, the settlement of the ITO appeal on terms favourable to the consolidated entity, the reopening of the Surda mine and successful settlement of claims and renegotiation of the work order with Hindustan Copper Limited on favourable terms to the consolidated entity resulting in positive cash flows and the ability to raise additional finance. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

Dean Just

Director

Perth, 16 March 2015