



India Resources Limited

ABN 77 121 339 704

Annual Report
2015



CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Frank Campagna

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AUDITORS

BDO Audit (WA) Pty Ltd

SOLICITORS

Allion Legal Pty Ltd

BANKERS

National Australia Bank Limited
Axis Bank

STOCK EXCHANGE LISTING

Shares in India Resources Limited are quoted
on the Australian Securities Exchange. ASX
code: IRL

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CHAIRMAN AND MANAGING DIRECTOR REVIEW

It has been an extremely difficult year for both the mining industry and our company, with many global and regional factors influencing every aspect of our business.

However despite numerous challenges, your company has managed to re-establish its mine-contracting program and continue the development of our cornerstone mining project, Aravalli. Firstly with significant relief, India Resources Limited (IRL) announced the resumption of mining and processing activities at the Surda Copper Mine in June 2015 after more than nine months of closure. Despite a number of expected difficulties, such as recruiting key personnel, re-establishing systems and processes, and the deterioration of idle mining equipment, our team was able to recommence production faster and stronger than expected.

During the extremely difficult period when the Surda mine was closed while HCL completed the renewal of its mining lease, and which could have potentially forced the closure of the company, support from our staff and other local stakeholders was quite amazing. We are extremely grateful for this support and again underlines the company's long proven tenacious character and ability to survive even under the most difficult circumstances.

Secondly and equally importantly after seven long years of determined effort we have made a significant break-through with the Company's world class Aravalli Lead-Zinc Project in Rajasthan. Administrative approval was granted for our mining lease application (ML), and we have now completed the demarcation process with the Department of Mines and Geology Rajasthan to finalise our ML boundary. We have also advanced a Memorandum of Understanding with the Government of Rajasthan, and look forward to obtaining the Letter of Intent (LOI) for the ML. We have planned a detailed drilling program to advance the project to bankable feasibility study status once the LOI is granted. The significance of what IRL has achieved is easily under-stated. Aravalli is a rare company making project, and IRL has obtained this ML

through legitimate effort and without being tainted by any of the recent scandals that have caused so much harm to India's mining sector. These facts are recognised by key players in the industry, and we are continuing to work hard to deliver the full potential from what has been achieved so far. Given the strong forward outlook for zinc and lead prices over the next decade, we are receiving interest from several major Indian parties potentially wishing to invest in the Project. During the year a placement agreement was also signed with Resource Capital Fund VI L.P. to raise A\$1.6 million through the issue of 200 million shares, making RCF a substantial shareholder of IRL. IRL also issued 90 million shares to Noble Resources International Australia Pty Ltd to extinguish a secured loan of A\$0.72 million and related outstanding interest payments.

Unfortunately IRL's financial goals for the past year were set back by the unexpected closure of the Surda mine, and resulting in huge and unsatisfactory losses for the company. Again this was totally unexpected, and the company is seeking compensation for these losses from HCL given the closure was due to their delayed renewal of the Surda Mining License.

HCL subsequently established a Claims Committee, which has recommended that HCL pay IRL 97M INR (A\$1.95 million) out of more than 500M INR (A\$10 million) claimed by IRL for the stoppage and other advanced claims. The same Claims Committee stated that IRL has a net liability to HCL of 70M INR (\$1.4M), a number that has increased after 30 June 2015 due to the support HCL provided to enable recommencement of the mining program. This highlights the reality of IRL's outstanding claims, and both companies are continuing to pursue avenues to successfully reach an agreement on this important issue.

The company also experienced a disappointing set back when the Double Bench of the Supreme Court of India delivered its judgement to dismiss IRL's appeal regarding HCL treating the contract price under the Surda work order as if it was inclusive of taxes and levies. IRL has filed a review petition against the dismissal of the special leave petition.

Whilst most commentators would agree that the last year was difficult for many players in India's resources sector, they look to the future for this sleeping giant with optimism. IRL continues to pursue its ambitions through business partnerships, especially with Brierty and Kopex. In December 2014 IRL and Brierty Limited announced their partnership through cooperation at the annual International Mining and Machinery Exhibition in Kolkata. Meanwhile, the consortium of IRL-Kopex continues to hold the right to develop and mine the Rakha Copper mine located in close proximity to Surda. Likewise, Shriram EPC Limited (SEPC) continues to actively negotiate with IRL to recommence work on the shaft sinking program at the Surda mine.

Significant changes to IRL's tenement holding occurred this year because of the Government of India's introduction of a new Mining

Ordinance Bill in late 2014. This has resulted in the cancellation of all mineral license applications that are either not the subject of an LOI or MOU from the State Governments, or have approval of grant from the Central Government of India. However IRL's Prospecting Licenses and applications for diamonds are subject to preferential rights and continue to be vigorously pursued.

Looking forward, India Resources is now recovering strongly from the Surda stop work order and at the same time continues to work through the requirements to be granted the Aravalli lead-zinc Mining Lease application.

Once again we would like to sincerely thank all of our stakeholders and staff for their support of the company during a very difficult and trying year. We look forward to a much brighter future for IRL in the years ahead.



ANDREW SIMPSON
Chairman



ARVIND MISRA
Managing Director



IRL Project Overview

REVIEW OF OPERATIONS

Surda Project

The Surda Copper Mine successfully resumed operations in June 2015 following a prolonged shutdown while our partner Hindustan Copper Limited (HCL) renewed the Surda Mining License. The shutdown has had a substantial impact on India Resources Limited's cash flow. The company was able to save costs over this period by reducing expenses. Also some claims were paid to the Company by HCL which helped provide some of the funds (A\$1.2 million) needed to reopen the mine.

Surda is located in the Indian Copper Complex, a prime copper producing belt in India. Surda is one of several copper deposits that have been mined since ancient times that are associated with the Singhbhum shear zone where Proterozoic rocks are thrust over the Archean, Singhbhum Craton. Surda was closed by HCL in 2003 and reopened by India Resources Limited (IRL) in 2007 and, since then it has provided IRL with an exceptional presence and platform to take advantage of opportunities in the Indian mining and resources sector.

IRL mines and produces a copper metal in concentrate (MIC) with all the concentrate going to HCL's nearby smelter at Mourabunda as per the work order.

Copper production at the Surda mine was suspended on 8 September 2014 by Hindustan Copper Limited (HCL) pursuant to a stop work order issued by the Jharkhand State Government due to not obtaining the renewal of its Mining Licence (ML) and related environmental clearances. Because of the closure of the mine, there was no copper production at the Surda from the 8 September 2014 to 15 June 2015. Production of copper recommenced on the 16 June 2015 with a total of 686 tonne of copper metal in concentrate being produced for the 2014-2015 year, a major reduction of copper production compared to previous years.



Surda shaft 3 head frame



Surda Shaft 4 maintenance

Occupational Health and Safety

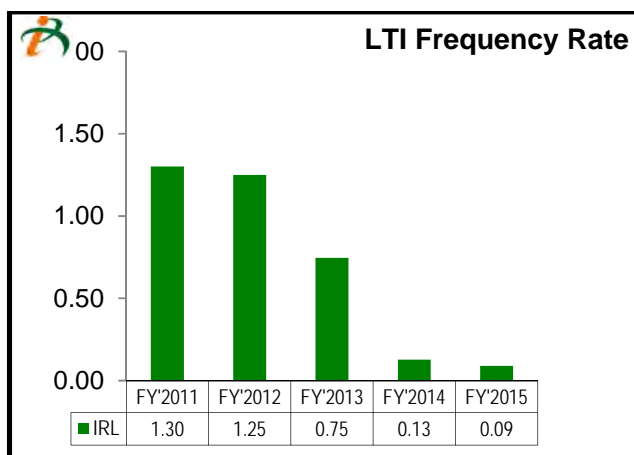
We are extremely proud of our Surda safety record which makes us one of the safest mines in the

world.



Ongoing safety training programs

Our Lost Time Injury frequency Rate (LTIFR) has been kept exceptionally low over the last few years through training and awareness among all employees.

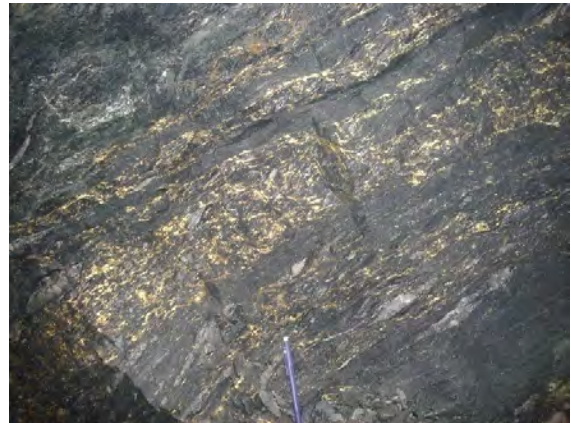


IRL's mine and processing operations at Surda have produced another safety record for the 2014-2015 year with a LTIFR of 0.09 being an improvement on last year's rate of 0.13. This compares very favourably to 2.7 for West Australian metalliferous underground mines in 2013-2014 (Ref: *Safety Performance in the WA Mineral industry. Accident and Injury Statistics 2013-2014 p10*). At the recommencement of mining in June 2015 a lot of attention and training has been given to blasting safety, and also to the Surda Mines mines ventilation system and its maintenance.

Surda Mine Operations Review

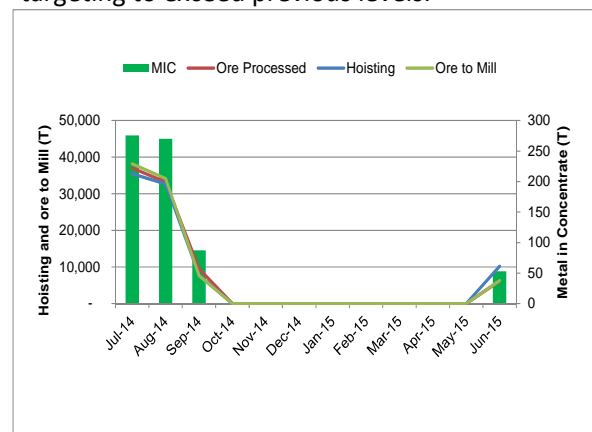
In the June quarter 2014 the Board of HCL formally approved an extension of the term of the Surda Operations Contract to the later of March 2017 or

until the date of completion of the Surda Shaft Sinking and Expansion contract awarded to Shriram EPC Limited (SEPC). SEPC then awarded this work to IRL Copper Mining Private Limited, (ICMPL) as a subcontractor on a back to back basis. Negotiations between SEPC and ICMPL are continuing to recommence this contract which ceased operations at the time of the Surda closure.



Shaft 3 Block 19 chalcopyrite stringer mineralisation IRL has been very successful at Surda. Surda is HCL's lowest cost copper producer, a remarkable achievement considering the relatively low copper grades of Surda's ore body. IRL carries out all the requirements of development, mining, processing and beneficiation at Surda. IRL has increased copper production by 25% on average compared to the previous operation at Surda.

Copper production during the year was greatly affected by 9 month mine closure from September 8 2014 to July 15 2015. Over the 2014-2015 year copper metal production was 686 tonnes MIC, substantially less than previous years because of the closure. For the 2015-2016 year production of copper is expected to return to normal, and IRL is targeting to exceed previous levels.



Quarterly Production	Quarter Ended				Total
	30.09.14	31.12.14	31.03.15	30.06.15	
Ore Mined (Tonnes)	76,849	0	0	6,325	83,174
Ore Processed (Tonnes)	79,782	0	0	6,210	85,992
Mill Feed Grade (Cu)	0.88%	0%	0%	0.94%	0.88%
Concentrate Produced (Tonnes)	2,505	0	0	208	2,713
Concentrate Grade (Cu)	25.38%	0%	0%	25.42%	25.38%
Recovery	93.06%	0%	0%	92.54%	93.02%
Metal in concentrate (Tonnes)-Equivalent Mined	633	0	0	53	686
Metal in Concentrate (Tonnes)	660	0	0	15	675

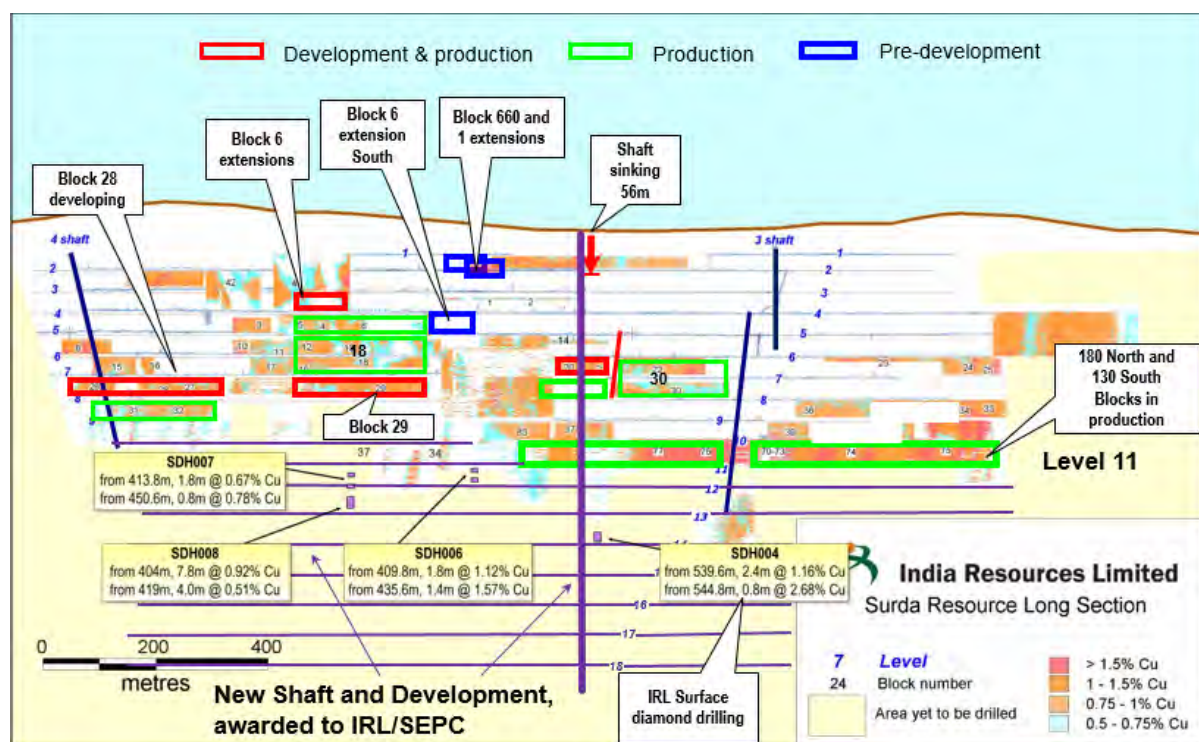
Surda Geology and Mine Development:

The Surda deposit is owned by HCL and operated by IRL under work order. The deposit is discussed by HCL in their road show presentation dated from the previous year and can be found at their website.

Copper mineralization is localized along the Singhbhum shear zone. Prominent deposits along the shear are Surda, Rakha, Chapri, Kendadih, Pathargora, Dhobani and Mosabani. The Surda deposit remains open at depth and along strike to the north. Confidence in the copper resources at Surda remains strong with the Surda Expansion Project aiming to double production, involving shaft sinking to 18 Level and associated level development of drives and cross-cuts. The extent of the Surda workings and Expansion Project are shown in the long section below.

Mine Development

Mine development is occurring at Blocks 28 and 29 in the Shaft 4 area, and these Blocks will replace Block 32 which is near depletion. At Block 29 drive cleaning and stripping is taking place as well as sill and long raise development. At Block 28 drive cleaning is occurring. The Block 6 extension from, 4 to 3 Level has entered into full production and has been extended to the east. The Block 6 extension to the south (Block 80) is under predevelopment planning. Geotechnical studies are ongoing in the Block 660 and Block 1 extensions, prior to applying to mine these areas as they are close to the surface and rock stability must be investigated. At level 11 Shaft 3 development drive extension is planned to the north of the 180 North Block. At Level 7 Block 20, south of Block 30 is being developed including drive stripping, sill and raise development.



Mosabani Concentrator

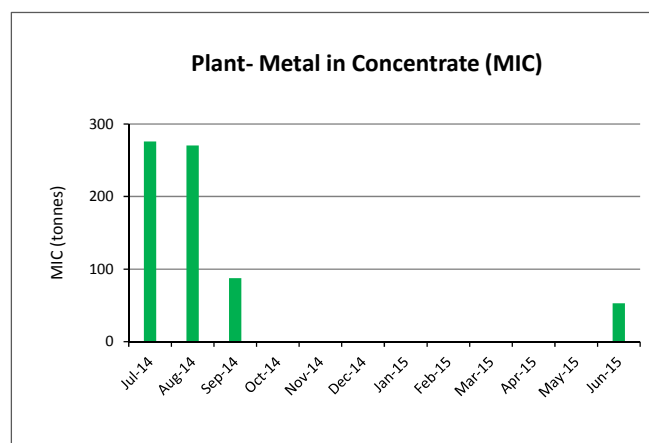
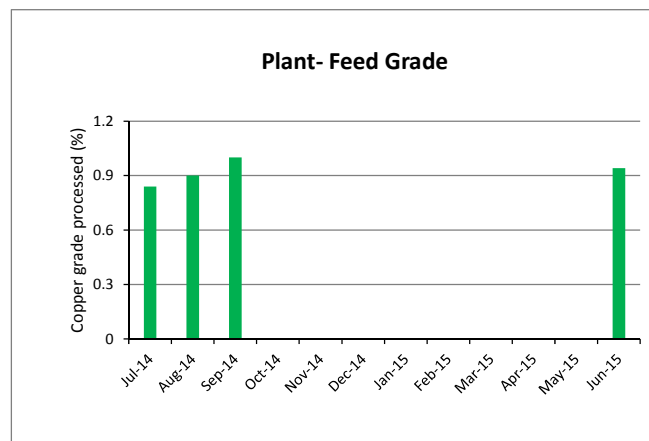
Due to the mine closure on the 9 September 2014 to 15 June 2015, production of MIC for the 2015 year was greatly hampered. Production of copper metal in concentrate was down compared to the previous year with 686.3 tonnes being produced from 10 weeks of operation in total in the 2014-2015 year.

In spite of the closure the plant continued to perform well by producing 25.18% average grade of copper in concentrate which is well above the stipulated sale grade of concentrate. The average metal recovery was 92.93% from the ore after processing, is slightly above the 2013-2014 year result of 92.84%.



The Mosabani Concentrator Plant

Over the next year plant performance is expected to improve by keeping concentrate grade up and moisture content well below penalty limits and improving the recovery of metal from the ore.



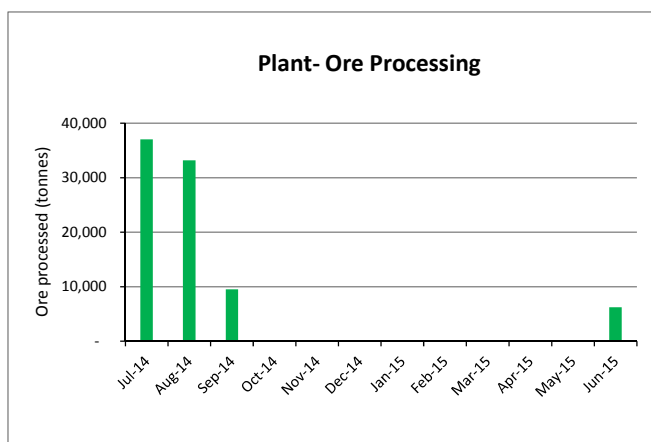
Human Resources

It is a great credit to our HR team to be able to retain critical staff, re-employ and recruit new employees, and bring them all together to recommence mining at Surda after such a long stoppage of 9 months. There are currently 1,389 employees including contracting staff of ICMPL. This number is expected to increase if IRL successfully closes negotiations with SEPC to recommence the Surda Expansion Project. Also there will be the addition of a small work force to carry out the development work of the Company's Aravalli Lead-Zinc Project. It is also expected that HCL will give the go ahead to start Rhakka copper mine reopening and production, and this will need a work force of similar size to Surda.

Community Development

India Resources does its utmost to employ staff locally, and is very proud of this achievement.

IRL hosted several community and state wide functions at Surda to create awareness and support for its activities by the community.





IRL and HCL Surda staff welcoming visitors from the community



Local Member of Parliament – MLA being greeted at Surda



IRL and Community at the Mosabani Concentrator Plant reopening in June 2015

Training and Development

Human Resources since recommencement of mining at Surda have gone back to basics and re-established guidelines, HR policies and expectations of management to the workforce. Training of the policies by HR to the workforce is bearing fruit with a decrease in absenteeism and an increase in compliance with all HR Policies.

A big safety training push has been provided to the blaster/shot firer teams with safety reinforcement

and awareness coupled with technical information to add to the quality of blasting going on.

In addition improvements to the ventilation of the mine have occurred by carrying out routine audits, planning and giving solutions that are starting to bear fruit. Staff are being trained to understand ventilation and routinely take measures to prevent the short circuiting of the ventilation.

Another initiative taking place is the improvement of backfilling activities. Tailings from the process are returned to the mine and used as backfill. The tailings are mixed with water and turned into a slurry and pumped or gravity fed by pipe to fill for stability and provide a platform to work from as mining progresses upward. Training of personnel is being given to increase the efficiency of the filling.

Environment

Since the Surda mine reopening in June 2015 a program to desilt, refurbish and build new sediment pond catchment sites below the level of the mine's surface facilities is occurring to control and stop sediment run off into the environment. This is timely because of the wet season that occurs from May to October each year. Other environmental work is the testing of water pH egressing from the mine workings and adding lime as required to control the pH of the water prior to the release into the environment.

Exploration Projects

India in the late 1990's changed its policies and encouraged direct foreign investment. This along with a range of other policy changes has allowed opportunities to develop in India, and IRL is in a good position to take advantage of them.

IRL is seeking a number of tenements to pursue exploration activities in India for base metals, gold, iron ore, diamonds and coal. IRL's ambition is to explore, develop and operate its own mine in India. IRL undertakes consulting work for other companies both in mining and exploration and uses its expertise all over the world.

Aravalli (Base Metals)

The Aravalli project is made up of two components that were generated from the Company's exploration of Reconnaissance Permit RP1- 2004:

- Aravalli lead-zinc project now awaiting grant of Mining License (ML). IRL's wholly owned subsidiary Crown Mining Pvt Ltd (Crown or CMPL) has the preferential right to be granted the ML.
- The Sathuddia Prospecting License (PL) application located within RP1-2004.

Crown has applied for the ML over the lead-zinc mineralisation at Aravalli located along the same mineralisation trend as the Vedanta PLC's Sindesar-Khurd and Rajpura-Dariba Mines.

The Aravalli Project located 67km directly northeast of Udaipur, Rajasthan, India, is an advanced exploration asset in a recognized zinc-lead-copper mineralized region.

Exploration Target – India Resources Ltd.

India Resources Ltd (ASX:IRL) does not have any JORC compliant resources on its tenements or applications. However, IRL has previously reported an exploration target at its Aravalli Project in the range of 95-135 million tonnes at between 2.2-4.5% zinc and 0.7-1.8% lead ("Quarterly activities and cash flow report" 31st July, 2008). This exploration target should not be mistaken for an estimate of Mineral Resources or Ore Reserves. The potential quantity and grade is conceptual in nature, there has been insufficient exploration as yet to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource. Further drilling will be required to establish JORC standard estimates of Resources.

The exploration target is largely based on a foreign resource estimate by the Geological Survey of India (GSI) and subsequent drilling and modelling by IRL. The foreign resource estimate was reported by IRL on 23 July 2014 for the deposits on IRL's Aravalli project and comprises:

165.6 million tonnes of mineralisation at 2.3% Zn, 0.7% Pb at a minimum of a 2% Pb + Zn cut off. This estimate is a foreign estimate and is not reported in accordance with the JORC Code; a competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code; and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be

able to be reported as mineral resources in accordance with the JORC Code.

The foreign estimate was reported by the GSI in various reports issued between 1983 to 1993. The estimates were reported as a combination of "In-Situ Reserves", "Proved Reserves", "Probable Reserves" and "Possible Reserves". In IRL's opinion, if upgraded to JORC 2012, the estimates would be considered as a combination of Indicated and Inferred Resource. The supporting information provided in the initial market announcement of 23 July 2014 continues to apply and has not materially changed.

As the Mining Lease has not yet been granted, IRL has been unable to carry out its planned drilling to confirm the exploration target and foreign resource estimate and upgrade these to JORC 2012 standard. Drilling of several diamond drill holes will be required to verify previous drilling, expand the resource and target high grade zones within it. IRL intends to carry out this drilling on grant of the ML.

Substantial progress has been made in the granting process with the registration of Aravalli Project with the Project Monitoring Group, Government of India; demarcation of boundary by Government of Rajasthan; agreement between Crown Mining Private Limited and Government of Rajasthan to commence further drilling work under the supervision of the Director Mines and Geology Udaipur costing around A\$10 million

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Eoin Rothery, a Competent Person who is a Member of the Australian Institute of Geoscientists. Eoin Rothery is employed by India Resources Ltd on a consultancy basis and is an employee of Thomson Resources Ltd. Eoin Rothery has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Eoin Rothery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

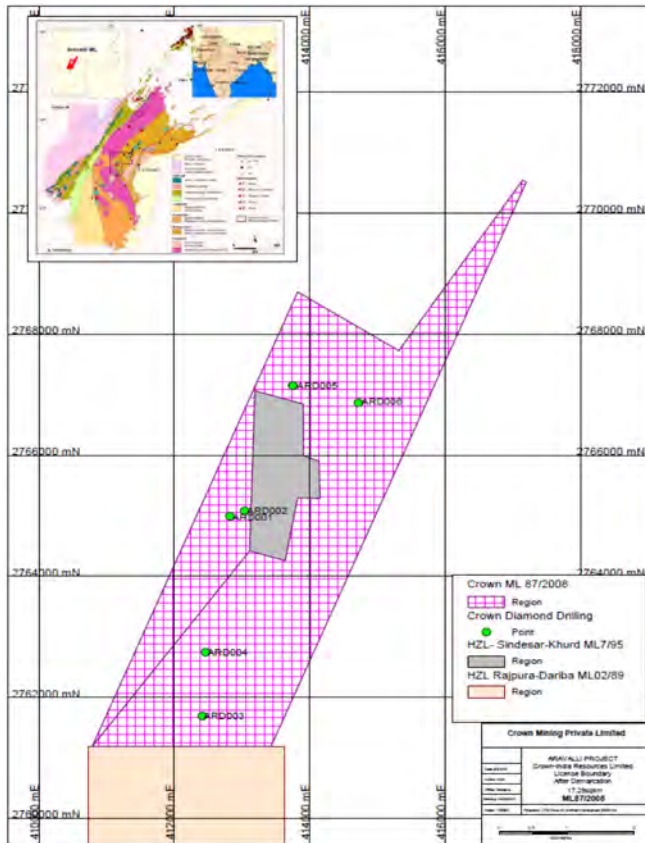
Prior to successfully completing exploration on the Aravalli Project reconnaissance Permit, RP1/2004, IRL's wholly owned subsidiary Crown Mining Private Limited (CMPL) applied for a Mining License (ML87/2008) over the lead-zinc mineralisation located along the same mineralised

trend as the Vedanta PLC's Sindesar-Khurd and Rajpura-Dariba Mines.

Highlights 2015

In the September 2014 quarter 'Invest India' gave its support to CMPL ('Invest India' is the national investment promotion and facilitation agency for foreign investors in India) by recognizing all of IRL issues at the Aravalli base metals project. Letters of request were sent to the Principal Secretary (Mines) of the Government of Rajasthan (GOR) and State officials enquiring about the progress made by the GOR towards the Aravalli project mining licence. Consequently:

- IRL registered the Aravalli project with the Project Monitoring Group India (PMG). The PMG is a mechanism set up by the Indian Government to fast track large strategic projects worth in excess of A\$180 million.
- Discussions progressed with the Department of Industrial Policy and Promotion (DIPP), who have agreed to sponsor IRL with the Project Monitoring Group (PMG) in collaboration with the Australian High Commission to put IRL's case forward to be granted the Mining Lease over its Aravalli lead zinc project in Rajasthan, India. A meeting with the Australian High Commission and the Chief Minister of Rajasthan was held to discuss several Australian mining cases pending, including the Aravalli project.
- In late December 2014 the GOR gave administrative approval to the Aravalli lead-zinc mining lease application in favour of CMPL. The following demarcation work resulted in a grant of license area comprising 17.29 km² and contains the base metals mineralisation exploration target previously reported by CMPL.
- After receiving the request from Mining Engineer Rajsamand, the demarcation work of Crown's ML was carried out, the common boundaries and pillars have been demarcated under the supervision of the Government Geologist from the DMG Rajsamand office, representatives of IRL, Rajpura-Dariba Mines, Sindesar-Khurd Mines and Bamniya Kalan Mines.
- Details of CMPL's lead-zinc resources occurring below the pastureland that's within the ML boundary, provision of future employment details, total investment budget for the project and land schedule details has been submitted to Mining Engineer, Rajsamand and the Director, Department of Mines and Geology, Udaipur and District Mining Engineer. 14% of the area and 30 % of minerals come under the pasture land. CMPL in its submission plans not to disturb pasture land because the mining activities will be done using underground methods and the surface areas of pasture land will not be disturbed.
- GOR continues to be supportive of CMPL's Mining Licence application, with the objective of signing a letter of Intent (LOI) with CMPL in the next few months after which finance will be secured for the project and drilling will start.
- "Aravalli Lead-Zinc Project" proposal was prepared and submitted to the Government of Rajasthan in support of the ML application.
- The Government of Rajasthan (GOR) has provided a draft Memorandum of Understanding (MOU) to be signed in "Resurgent Rajasthan" being held on 19-20 November, 2015 at Jaipur. CMPL has given its consent to sign the proposed MOU and submit the final copy to GOR.
- GOR asked CMPL to upgrade the Exploration Target to JORC, Indicated and Measured Resources and Proven and Probable Reserves level, at its own cost under the Departmental Prospecting Rules by making an agreement with DMG. CMPL has accepted this proposal and will commence drilling work under the supervision of DMG Udaipur, and has prepared the prospecting scheme for this purpose. The cost is estimated to be A\$10 million. CMPL had always intended to conduct this drilling program for its BFS, but this agreement allows CMPL to conduct drilling after acquiring the (LOI). GOR will issue the Letter of Intent after obtaining the permission from the Government of India (GOI).
- An Aravalli Project time line has been maintained, and further work required for grant of the mining license includes preparation of environmental reports and clearances, submission of a mining plan after drilling and several other statutory requirements.



Aravalli Mining License, (Pink hatching) excised ML of Vedanta Sindesar-Khurd, (grey shading).

Sathuddia (Base Metals)

The Sathdhudia base metals project falls within the area of the Aravalli Project's, RP1/2004. Following positive exploration results by CMPL a Prospecting License (PL) application was made, PL56/2010. A second application was made for the same area as back up under IRL Exploration India Private Limited (PL88/2008). Crown has previously reported drill results that have produced significant copper grades with the best intercept being 9m at 1.7% copper. The area is significant because drilling is limited and concentrated on old workings and there is potential to expand the known copper mineralization at depth and along strike.

Highlights 2015

- A revision application for PL56/2010 has been filed in the office of the Secretary- Ministry of Mines, Government of India under Rule 54 of the MC RULE 1960 on behalf of Crown Mining Private Limited on 14.08.2014. A request has been made for oral hearing for consideration of Ex-parte stay in the matter. The Government of Rajasthan is still responding to the CMPL's revision application.

- IRL Exploration, Sathuddia PL88/2008; a response from the Rajasthan Government is being sort.

Bhandara (Diamonds)

The project contains a PL410 application located 10 km north of Nuapada diamondiferous kimberlites in Odisha, India. PL410 falls within the area of RP71 that is now expired. IRL through its subsidiary, Amil Mining Private Limited, has the preferential right to be granted this PL. The area is only 10 km north of Nuapada diamondiferous kimberlites. The Project is located in the recognized Mainpur-Raipur Kimberlite Field. The area lies on the boundary of the Bhandara Archaean craton with the Proterozoic Eastern Ghats Mobile Belt and several kimberlite bodies have been recorded in close proximity. Once granted the PL Exploration focus will consist initially of stream sediment sampling with microprobe analysis to identify kimberlitic indicator minerals.

Dharwar (Diamonds)

The project is composed of two prospecting Licenses that are both under renewal, PLs 306 and 309. PL306 has reported two G10 garnets (indicator of diamondiferous kimberlite), 11 kimberlitic chromites and several ilmenites from stream samples. After renewal Geophysical work is planned on PL306 to locate potential targets for follow up sampling.

Two kimberlite pipes have been discovered on PL 309 and after renewal bulk sampling is planned for kimberlite pipe, CC4 located on this Prospecting License. Letters submitted to the Department of Mining and Geology, Anantapur District in Andhra Pradesh, India regarding the extension/ renewal of the prospecting license PLs 306 and 309 are being followed up.

Business Development

Surda Expansion Project

IRL's 100% subsidiary company IRL Copper Mining Private Limited (ICMPL) signed an agreement on a back to back basis with Shriram EPC Limited (SEPC), whereby IRL will conduct all of the shaft sinking and development work of the Surda expansion project. Work was started in April 2013 but the project has suffered delays resulting from the Surda Mine Closure from September 2014 and

as yet not resumed. Prior to closure in the September 2014 quarter the project had achieved 95.9m of drives and 8.7m of raises. Negotiations between ICMPL, SEPC and HCL are continuing to resume the project.



Surda expansion project vertical shaft development

Rakha Development Project

IRL and HCL are reaching the final stages of agreement for the re-opening and expansion of the Rakha Copper Mine located 7km north of Surda. The scope of work includes dewatering, rehabilitation and installation of new winders for Rakha old shafts, sinking a 7.1m diameter shaft to a depth of 330m, excavation of a decline of length 2,359m, excavation of 10,200m of drives and crosscuts at various levels. The total period of the contract is five years.

The consortium of IRL and Kopex Shaft Sinking Company (KopexPBSz) continues to wait for HCL to obtain the required environmental clearances for this project prior to signing the contract and commencing this work.

Consortiums

During the year IRL tendered for development and operating contracts in conjunction with separate consortiums including Brierty Limited, KopexPBSz and Tata Projects Limited. In December 2014 IRL and Brierty Limited maintained a booth at the annual International Mining and Machinery Exhibition in Kolkata.

IRL's business development plans are presently inactive as its present focus is on the matters relating to the Aravalli, Surda Operations and Surda Expansion Projects.



IRL and Brierty at the International Mining and Machinery Exhibition, Kolkata

Finance

In September 2014, \$0.591 million was raised through a placement of shares to Resource Capital Fund VI L.P. (RCF), with another \$1.009 million traisted on the receipt of shareholder approval. These funds are dedicated to reducing head office liabilities and progressing the Aravalli base metals project in Rajasthan.



Cabinet Minister India, centre with Arvind Misra, MD IRL and RCF representative.

Hindustan Copper Limited (HCL) and IRL Claims

In the 2014-2015 year several of IRL claims against HCL have been resolved, so far 97M INR (A\$1.95 million) out of more than 500M INR (A\$10 million) in a variety of advanced claims were accepted by a HCL Claims Committee during the year. The unresolved amount will now be considered by a higher level committee. The time frame of resolution of claims is being kept to a minimum and agreed to by both IRL and HCL. Other and

future claims not included in the above are being referred to arbitration.

India Resources Limited "Make in India"

India Resources delivered a presentation to the Prime Minister of India, the Honourable Narendra Modi, during the "Make in India" drive in September 2014 to attract investment and revive economic growth to India.

Australia- India Bilateral investment

IRL's Managing Director was invited to a Chief Executive Officer CEO forum in Melbourne. During the forum Honourable Prime Minister Modi outlined his desire to promote Foreign Direct Investment (FDI), Skilling and Make in India campaign in various sectors including mining. He also invited Company Managing Directors to meet with him in Delhi. The Company's Aravalli project in Rajasthan and Surda Operations in Jharkhand are amongst several Australian projects which are in the agreed list of the Prime Ministers of India and Australia to promote bilateral investment. Registration of Aravalli project under the Project Monitoring Group (PMG) with the sponsorship of Ministry of Commerce, Government of India has been helpful in the processing of the Aravalli ML. The Australian High Commission's material support in the PMG registration process and lobbying at various levels has greatly assisted in securing this successful outcome.

Australia has placed India at the forefront of its international partnerships. The Prime Ministers of both countries appear keen to strengthen the bond beyond the shared values of democracy, multiculturalism, cuisine and cricket.

Honourable Prime Minister Modi's visit of late 2014 marks improved ties with Australia. Prime Minister Modi said "My memorable visit to Australia ends tonight, but a new journey of our relationship has begun".

MSME Minister attends Surda

The MSME Minister visited IRL at Surda and discussions were held concerning mining in Jharkhand.

India Resources and International Cricket

India Resources Limited through Ravi Shastri, well known former Cricket Captain of India and strategic adviser to the IRL Board of Directors, supported and promoted international cricket by hosting several functions for the Indian Cricket team when they came to Perth. This has wide ranging affects and attracts a lot of interest in India Resources from individuals and several companies in India and Australia. "It opens doors and allows India Resources to promote itself and tell its story, to a wide range of people, and provides opportunities for future growth and development of the Company", said IRL Managing Director Arvind Misra.



IRL Board members with Ravi Shastri, Strategic Adviser to the Board and Former Indian Cricket Captain

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 Geoscientists. Mr Kohler is Group Technical Services Manager and is a full time employee of the Company. Mr Kohler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kohler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed.

DIRECTORS' REPORT

The Directors of India Resources Limited (Company) present their report together with the financial report of the Group (consisting of the Company and its controlled entities, referred to hereafter as the Group) for the financial year ended 30 June 2015.

DIRECTORS

The names of the Directors of the Company in office during the course of the financial year and up to 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 year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group during the financial year were copper mining and mineral exploration.

RESULTS OF OPERATIONS

The net loss of the Group after provision for income tax for the year ended 30 June 2015 was \$4,142,000 (2014: \$2,273,000). Group EBITDA for the year was a loss of \$2,124,000 (2014: loss of \$1,163,000).

The loss includes exploration expenditure written off of \$586,000 in relation to IRL's diamond interests, and depreciation of \$1,733,000. It includes the recognition of 34.5M INR (\$0.7M) of claims accepted by Hindustan Copper Limited (HCL), out of more than 250M INR (\$5.1M) claimed by the company in relation to the work stoppage lasting more than nine months. Other disputes also remain unresolved, including the losses arising from the plant closure, disputes arising from the arbitration award (especially regarding material escalation), and losses from the environmental limit of 400,000 tonnes of production imposed on the mine prior to the commencement of the Surda operations.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on:

- i. Production from operations in line with budget expectations to generate positive cash flows.
- ii. Resolution of the Swan tax issue and receipt of TDS refunds held by the ITO.
- iii. Obtaining funds to execute the Aravalli Project and the Letter of Intent to issue the Mining Lease.
- iv. Continuous support provided by the Group's financiers and creditors.
- v. Successful settlement of claims with HCL.

The auditor's report has been emphasised in relation to these matters.

The Directors believe the Group will continue as a going concern. As a result the financial report has been prepared on a going concern basis. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Group not continue as a going concern.

REVIEW OF OPERATIONS

During the year, the Group continued its copper mining and other exploration and development activities in India. Copper in concentrate production at the Surda mine for the year was 675 tonnes, far less than last year's 3,428 due to the mine closure that exceeded nine months from 8 September 2014 until mining recommenced on 16 June 2015 and processing on 24 June 2015.

The mine was closed by order of the Government of Jharkhand because Hindustan Copper Limited's (HCL) mining lease expired on 14 June 2014 and had not been renewed. HCL's mining lease was renewed in April 2015 until March 2020. IRL raised a number of claims in relation to the stoppage, and pursued the resolution of a number of other advanced claims including some related to the August 2013 Arbitration Award. The great majority of these claims remain unresolved.

The mine closure also stopped work at the Surda Expansion Project. Ongoing disputes between IRL's 100% owned subsidiary, IRL Copper Mining Limited (ICMPL), the sub-contractor, with the lead contractor, Shriram EPC Limited (SEPC), finally led to SEPC purporting to terminate the sub-contract agreement in March 2015. However, since terminating the agreement SEPC have neither resolved and paid any dues to ICMPL, or resumed any work itself, despite the renewal of the mining lease. SEPC has remained in ongoing discussions to resolve disputed matters with ICMPL and withdraw the termination so that ICMPL will recommence work.

In December 2014 IRL's 100% owned subsidiary, Crown Mining Pvt Ltd, was granted administrative approval for the world class Aravalli lead-zinc project in Rajasthan. Demarcation work was completed for an area of 17.29 km².

DIVIDENDS

The Directors do not recommend the payment of a dividend (2014: Nil).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During the course of the next financial year the Group expects to continue operations at the Surda mine, and pursue a commercial recommencement of the Surda Expansion Project.

The Group will continue to seek to sign a contract for the Rakha copper project and commence this work.

The Group is also pursuing funding for the Aravalli lead-zinc project in Rajasthan, and obtaining the Letter of Intent to be granted the Mining Lease. With these it will commence drilling and related feasibility work on the project.

In the opinion of the Directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

OPTIONS GRANTED OVER UNISSUED SHARES

At reporting date 10,000,000 (2014: 35,013,066) ordinary fully paid shares which are subject to options were unissued.

The options are granted over fully paid shares and are exercisable:

	Number
- at 6.0 cents each on or before 30 November 2015	2,000,000
- at 10.0 cents each on or before 30 November 2017	2,000,000
- at 0.25 cents each on or before 31 December 2017	6,000,000
	<hr/>
	10,000,000
	<hr/>

Details of options issued and exercised during the financial year are contained in Note 15 to the financial report.

No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of the Company or any other corporation.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the Group during the financial year were as follows:

- (a) In August 2014 the Company signed a placement agreement with Resources Capital Fund VI L.P. (RCF) to issue 200 million fully paid ordinary shares at \$0.008 each to raise \$1.6 million (before costs). The issue was completed in two tranches, with the first tranche of 73,897,694 shares to raise \$591,182 issued in September 2014 and the second tranche of 126,102,306 shares to raise \$1,008,818 completed in November 2014.
- (b) In September 2014 the Company entered into a placement agreement with Noble Resources Australia Pty Ltd for the issue of 90 million shares at a deemed issue price of \$0.008 per share to extinguish the secured loan of \$0.72 million in two tranches. The first tranche of 72.8 million shares was issued in

September 2014 as partial repayment of \$582,400 from the loan. The balance of the loan of \$137,600 was satisfied by the issue of 17.2 million shares in October 2014.

- (c) In September 2014 IRL lost its case in the Supreme Court of India regarding HCL's treatment of the contract price under the Surdawork order as if it was inclusive of taxes and levies.
- (d) In September 2014 IRL received an instruction from HCL to stop non-essential production and development operations at the Surda mine site for both the operations and expansion projects.
- (e) In March 2015 SEPC purported to terminate the Surda expansion sub-contract agreement with IRL's 100% owned subsidiary, ICMPL. Since that time SEPC has not commenced work itself or engaged another contractor. Discussions have continued with SEPC about recommencing work without reaching an agreement.
- (f) In June 2015 mining and processing operations recommenced at the Surda mine.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years,
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

INFORMATION ON DIRECTORS

Director	Qualifications, experience and special responsibilities
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Andrew V Simpson Non-Executive Chairman	Grad. Dip. Bus. (Curtin) MAICD
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A Director since August 2006 and Chairman since February 2008. Mr Simpson is a senior corporate executive with extensive business development and global marketing experience in the resource and mining industry, including more than 30 years in international marketing and distribution of minerals and metals. He is a professional Company Director and also the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson is Chairman of the Remuneration committee and member of the Audit committee.

Other current Directorships:

Swick Mining Services Limited (since October 2006) and Vital Metals Limited (since February 2005).

Former Directorships in the last three years:

Kaboko Mining Limited (resigned November 2013), Territory Resources Limited (resigned December 2013) and Blackwood Corporation (previously Matilda Minerals Limited) (resigned December 2013).

Arvind
Misra
Managing
Director

B.Tech.(Mining Engineering), B.Comp.Studies, MAusIMM, MAICD

A Director since February 2008 and Managing Director from April 2009. Mr Misra is a Mining Engineer with over 20 years experience in the resources industry with extensive skills in business improvement and project mine management. Mr Misra has worked in various companies covering all aspects of underground and open pit mining in various regions covering Australia, Africa and India. He previously established a contracting company, Aranak Pty Ltd and consulted on numerous high profile projects for BHP, Mitsubishi, Alliance, LionOre and Griffin Coal. Mr Misra is contracted to perform the duties of Managing Director through a consultancy agreement between Aranak Pty Ltd and the Company.

Mr Misra has not held Directorships in any other listed companies in the last 3 years.

David J
Humann
Non-
Executive
Director

FCA FCPA FAICD

Mr Humann was previously a Director of the Company between April 2007 and July 2008. He was reappointed in July 2010. Mr Humann is a Fellow of the Institute of Chartered Accountants, a Fellow of the Institute of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors.

He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China firm) from 1986 until 1995. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the global firms' World Executive Management Committee based in London, and New York. He was formerly a member of the Australian and New Zealand Firms' Executive Policy Committee.

Mr Humann is Chairman of the Audit committee and a member of the Remuneration committee.

Other current Directorships: Non-executive Chairman of Mincor Resources NL.

Former Directorships in the last three years:

Logicamms (resigned 2011); Exxaro Australia/Sands (2005 – 2012); Advanced Braking Technologies Ltd (2006 – 2013).

INFORMATION ON COMPANY SECRETARY

Frank
Campagna

B.Bus (Acc)CPA

Company Secretary since August 2006. Mr Campagna is a Certified Practising Accountant with over 25 years' experience as Company Secretary, Financial Controller and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Details of Directors' interests in the securities of the Company as at the date of this report are as follows:

Director	Fully paid shares	Unlisted options
A Simpson	22,000,000	-
A Misra	44,762,773	6,000,000
D Humann	25,000,000	-

MEETINGS OF DIRECTORS

There were six board meetings, two audit committee meetings and nil remuneration committee meetings during the year. The number of meetings attended by each Director was as follows:

	Board meetings		Audit committee		Remuneration committee	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
A Simpson	6	6	2	0	0	0
A Misra	6	6	*	*	*	*
D Humann	6	6	2	2	0	0

* Not a member of this committee.

REMUNERATION REPORT (AUDITED)

This report sets out the remuneration arrangements in place for Directors and key management personnel of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Directors' and executives' remuneration

Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the remuneration committee meets both formally and informally, to consider remuneration policies and practices generally and determines specific remuneration packages and other terms of employment for executive Directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed by the remuneration committee having regard to performance, relevant comparative information and expert advice.

The Company's remuneration policy for executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Executive Directors receive a base remuneration which is market related together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

The Company's remuneration policies are designed to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy include:

- reward reflects the competitive market in which the Group operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The structure of remuneration packages for executive Directors and other senior executives comprises:

- a fixed sum base salary payable monthly in cash;
- short term incentives, through eligibility to participate in performance bonus plans and cash bonuses;
- long term incentives through executive Directors being eligible to participate in the share option plan as approved by shareholders. Senior executives may also participate in the employee share option plan, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders; and
- other benefits, including participation in superannuation schemes.

The proportion of fixed and variable remuneration is established for each executive by the Remuneration committee. The objective of any short term incentives is to link the achievement of the Group's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth. The Group's activities comprise the exploration, evaluation and development of mineral tenements aimed at identifying economic mineral deposits capable of development. The Group's financial performance reflects the nature of these ongoing activities.

The payment of bonuses, share options and other incentive payments are reviewed by the Board as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The annual performance objectives are the means by which the Company links Company performance and remuneration policy. Having regard to the current stage of the Group's development, the linking of remuneration policy to production performance milestones and progress rather than earnings is considered the most appropriate method of rewarding relevant senior executives. These principles are expected to continue to provide appropriate incentives for key management personnel.

Non-executive Directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of non-executive Directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive Directors, with the current approved limit being \$500,000. The Board determines the actual payments to Directors. The Board approves any consultancy arrangements for non-executive Directors who provide services outside of and in addition to their duties as non-executive Directors.

Non-executive Directors are entitled to statutory superannuation benefits. At this stage of the Company's development, non-executive Directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders. All Directors are entitled to have their indemnity insurance paid by the Company.

During the financial year ended 30 June 2015 the company did not engage remuneration consultants.

Details of remuneration

The following table discloses details of the nature and amount of each element of the remuneration of the Directors and key management personnel of the Group and the Company.

(a) Details of key management personnel

Name	Position
Arvind Misra	Managing Director
Andrew Simpson	Chairman (Non Executive)
David Humann	Director (Non Executive)
Michael Muhling	Group Commercial Manager
Andrew Kohler	Group Technical Services Manager (appointed full time on 21 June 2015)

(b) Compensation of key management personnel

Remuneration by category	2015	2014
	\$	\$
<i>Key management personnel</i>		
Short-term	822,329	892,055
Post-employment	-	5,550
Long Term Benefits	40,603	36,951
Share-based payment	235,000	-
	<u>1,097,932</u>	<u>934,556</u>

2015	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees \$	Cash bonus (b) \$	Super-annuation \$	Annual and long service leave (c) \$	Options \$	Shares \$	Total \$	Performance related \$
Directors								
<i>Executive Director</i>								
A Misra (a)	400,000	-	-	40,603	-	125,000	565,603	-
<i>Non-executive Directors</i>								
A Simpson(a)	65,700	-	-	-	-	45,000	110,700	-
D Humann (a)	43,600	-	-	-	-	55,000	98,600	-
Other executives								
M Muhling	206,645	-	-	-	-	7,500	214,145	-
A Kohler (d)	106,384	-	-	-	-	2,500	108,884	-
Total	822,329	-	-	40,603	-	235,000	1,097,932	-

- (a) The remuneration report has been prepared on an accruals basis. The total amount liable to directors for remuneration at 30 June 2015 was \$0.76M. On a cash basis Mr Misra was paid \$433,333 during the year.
- (b) No cash bonuses were provided for by the Company for Mr Misra in respect of the Key Performance Targets during the 2015 year. The Board is yet to consider Mr Misra's bonus for the March 2014 quarter onwards.
- (c) Mr Misra's long term benefits include a provision for statutory long service leave which has been adjusted to fair value. The total amount of leave provided for Mr Misra at 30 June 2015 was \$257,743.
- (d) Mr Kohler was appointed Group Technical Services Manager and worked throughout the year as a casual consultant until employed full time on 21 June 2015.

2014	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees \$	Cash bonus (b) \$	Super-annuation \$	Annual and long service leave (c) \$	Options \$	Shares \$	Total \$	Performance related \$
Directors								
<i>Executive Director</i>								
A Misra (a)	400,000	191,667	-	49,779	-	-	641,446	29.9%
<i>Non-executive Directors</i>								
A Simpson(a)	60,000	-	5,550	-	-	-	65,550	-
D Humann (a)	43,600	-	-	-	-	-	43,600	-
Other executives								
M Muhling	196,788	-	-	(12,828)	-	-	183,960	-
Total	700,388	191,667	5,550	36,951	-	-	934,556	20.5%

- (a) The remuneration report has been prepared on an accruals basis. The total amount liable to directors for remuneration at 30 June 2014 was \$0.88M. On a cash basis Mr Misra was paid \$336,000 during the year.
- (b) Cash bonuses provided by the Company for Mr Misra in respect of the Key Performance Targets during the 2014 year were as follows:
- Mr Misra earned \$41,667 cash bonus, and another \$50,000 has been accrued, in relation to the 2012/13 financial year. Previously earned \$41,667 of the potential \$183,333 had been approved by the Board. The amount of \$41,667 was earned in consideration of commercial success with regards to negotiations with the Surda Operations, Surda Expansion and Rakha contracts. \$50,000 was earned of the potential \$50,000 per annum cash bonus relating to the June 2013 quarter as processing exceeded 1,050T MIC and with regards to the commencement of the Surda Expansion project, the signing of the Rakha LOI and settlement of Surda bonus and Binani court case.
 - Mr Misra earned \$50,000 of the potential \$50,000 cash bonus for the September 2013 quarter for exceeding production equivalent to 1,050T MIC.
 - Mr Misra earned \$50,000 of the potential \$50,000 cash bonus for the December 2013 quarter. \$25,000 was approved for exceeding production equivalent to 975T MIC, with an additional \$25,000 approved for various matters including progression of the Surda Expansion project, arbitration negotiations and progress with the Aravalli project.
 - The Board is yet to consider Mr Misra's bonus for the March and June 2014 quarters.
- (c) Mr Misra's long term benefits include a provision for statutory long service leave which has been adjusted to fair value. The total amount of leave provided for Mr Misra at 30 June 2014 was \$217,140

All of the Directors and key management personnel, in the above and below tables, work for the Company.

Compensation options: granted and vested during the year

No options were issued to directors or officers during the year ended 30 June 2015 or 30 June 2014.

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Options granted as part of remuneration

Information on any benefits received by Directors of the Company by reason of a contract made by the Group with a Director or a Director-related entity is contained in Note 17 of the financial report.

Service agreements

The terms of employment for executive Directors and key management personnel are formalised in service agreements. Major provisions of the agreements relating to duration and termination are set out below.

Andrew Simpson – Non-Executive Chairman

Term of agreement: No fixed term.

Remuneration: At the date of this report his director fee is \$65,700 (2014: \$65,700 all inclusive) per annum payable to Resources and Technology Marketing Services Pty Ltd.

Termination provisions: None.

Arvind Misra – Managing Director

Term of agreement: No fixed term.

Remuneration: At the date of this report, the current consulting fee payable to Aranak Pty Ltd is \$400,000 (2014: \$400,000) per annum. Mr Misra is also entitled to a performance bonus of up to 50% of base remuneration (2014: 50% of base remuneration) dependent upon achievement of pre-determined performance targets.

Termination provisions: The agreement can be terminated by the Company upon giving six months' notice and by Mr Misra giving three months' notice.

David Humann – Non-Executive Director

Term of agreement: No fixed term.

Remuneration: At the date of this report his director fee is \$43,600 (2014: \$43,600) payable to James Anne Holdings Pty Ltd.

Termination provisions: None.

Michael Muhling – Group Commercial Manager

Term of agreement: No fixed term.

Remuneration: At the date of this report, the current consulting fee payable to Aurum Corporate Pty Ltd is \$201,120 per annum (2014: \$215,820). There is no entitlement to an incentive or bonus payment.

Termination provisions: The agreement can be terminated by the Company upon giving three months' notice and by Mr Muhling giving two months' notice.

Andrew Kohler-Group Technical Services Manager

Term of agreement: No fixed term.

Remuneration: At the date of this report, the current consulting fee payable to Mr Andrew Kohler is \$171,600 per annum. He may be entitled to a maximum bonus of \$28,000 per annum dependent upon achievement of pre-determined performance targets.

Termination provisions: The agreement can be terminated by the Company upon giving four weeks' notice and by Mr Kohler giving 4 weeks' notice.

Share-based compensation

Directors, employees and consultants may be eligible to participate in equity based compensation schemes. An employee share option scheme has been adopted by the Board of the Company. The primary purposes of the scheme are to increase motivation, promote retention, align interests with those of the Company and its shareholders and to reward contribution to the growth of the Company. The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

(c) Option holdings of key management personnel (*Options in India Resources Limited - number*)

2015	Balance at 1 July 2014 or at date of appointment	Granted as remuneration	Options lapsed	Other changes	Balance at 30 June 2015 or at date of resignation	Balance vested and exercisable at 30 June 2015
A Simpson	-	-	-	-	-	-
A Misra	6,000,000	-	-	-	6,000,000	6,000,000
D Humann	-	-	-	-	-	-
M Muhling	-	-	-	-	-	-
A Kohler	-	-	-	-	-	-
Total	6,000,000	-	-	-	6,000,000	6,000,000

(d) Shareholdings of Key Management Personnel (*Shares in India Resources Limited - number*)

2015	Balance at 1 July 2014 or at date of appointment	Granted during the year as remuneration	On market purchases (sales)	Balance at 30 June 2015 or at date of resignation
A Simpson	13,000,000	9,000,000	-	22,000,000
A Misra	19,012,773	25,000,000	750,000	44,762,773
D Humann	10,000,000	11,000,000	4,000,000	25,000,000
M Muhling	6,000,000	1,500,000	-	7,500,000
A Kohler	955,000	500,000	(1,455,000)	-
Total	48,967,773	47,000,000	3,295,000	99,262,773

Shares granted during the year as remuneration were issued in accordance with the Annual General Meeting on 28 October 2014 in consideration for past services provided to the company.

Except for equity issued as part of remuneration, all equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(e) Other transactions with Key Management Personnel (KMP)

The following transactions occurred during the year between the Group and KMP or their related entities:

- (i) During the year, the Company accrued \$166,480 (2014: \$166,570) in consulting and contract services with Aranak Pty Ltd, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2015 \$421,931 (2014: \$465,195) was payable to Aranak Pty Ltd (excluding leave provisions).
- (ii) During the year, the Company accrued Nil (2014: \$125) in contract services with Aurum Corporate Pty Ltd, a company associated with Mr M Muhling, the Group Commercial Manager, on normal commercial terms (excluding the services supplied directly by Mr Muhling). At 30 June 2015 Nil (2014: \$14,817) was payable to Aurum Corporate Pty Ltd but \$33,520 was payable to Mr Muhling directly (2014: Nil).
- (iii) The company pays the fees of Mr Andrew Simpson, the non-executive Chairman, through his private company Resource & Technology Marketing Services Pty Ltd. At 30 June 2015 \$72,623 (2014: Nil) was accrued to Resources and Technology Marketing Services Pty Ltd. At 30 June 2015 Nil (2014: \$125,500) was payable to Mr Andrew Simpson directly for outstanding director fees.
- (iv) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2015 \$11,990 (2014: \$71,941) was payable to James Anne Holdings Pty Ltd. \$396 was payable at 30 June 2015 to Mr David Humann directly (2014: 2,241).

Bonuses

Bonuses reported as income for Mr Misra during the financial year were Nil. As summary of bonuses reported, is as follows:

Quarter	Potential Bonus	Earned 2014	Earned 2015	Total Earned	2015 Paid
2013 FY					
Sept 2012	33,333	16,667	-	16,667	-
Dec 2012	50,000	-	-	-	-
March 2013	50,000	25,000	-	25,000	-
June 2013	50,000	50,000	-	50,000	-
2014 FY					
Sept 2013	50,000	50,000	-	50,000	-
Dec 2013	50,000	50,000	-	50,000	-
March 2014	50,000	-	-	-	-
June 2014	50,000	-	-	-	-
2015 FY					
Sept 2014	50,000	-	-	-	-
Dec 2014	50,000	-	-	-	-
March 2015	50,000	-	-	-	-
June 2015	50,000	-	-	-	-
TOTAL	383,333	191,667	-	191,667	-

A further \$50,000 in bonuses earned in prior years is yet to be paid to Mr Misra.

2014 Annual General Meeting

During the year, more than 99.87% of eligible, voting shareholders supported the Company's Remuneration report at the 2014 Annual General Meeting (AGM).

Compensation options: granted and vested during the year

During the financial year and the 2014 financial year, no options were granted or vested as equity compensation benefits.

Shares issued on exercise of compensation options

No compensation options were exercised or expired during the financial year ended 30 June 2015 (2014: Nil). Options expired or exercised in the 2014 year were as follows:

Directors	Number	Exercise price per option (\$)	Expiry date
A Simpson	1,250,000	0.07	30 June 2014
A Misra	1,500,000	0.07	30 June 2014
D Humann	750,000	0.07	30 June 2014

Employee option plan and share purchase plan

The establishment of the Company Employee Share Option Plan and Share Purchase Plan was approved by shareholders on 17 May 2007. The plans are designed to provide long term incentives to senior management and employees to deliver long term shareholder returns.

Any option issues are made in accordance with thresholds set in plans approved by shareholders. Options are granted under the plan for no consideration and carry no dividend or voting rights.

No loans have been provided to Key Management Personnel, and there are no other transactions with Key Management Personnel other than those identified in this report.

End of the audited remuneration report.**Insurance of officers**

During the financial year, the Company paid premiums of \$21,500 (2014: \$21,476) to insure the Directors and other officers of the Group. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has entered into indemnity agreements with each of the Directors and officers of the Company. Under the agreements, the Company will indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

NON-AUDIT SERVICES

During the year, the Company's Indian external auditors, Haribhakti & Co., provided other services in addition to its statutory audit function. Non-audit services provided by the external auditors comprise \$1,934 (2014: \$1,770) for taxation advisory services. These services were not provided by the head auditor, BDO Audit (WA) Pty Ltd. Further details of remuneration of the auditors are set out in Note 18.

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance guidelines adopted by the Company;
- all non-audit services have been reviewed by the Board to ensure that they do not impact the impartiality and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting and Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included immediately following the Directors' Report and forms part of the Directors' Report.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its mining and mineral exploration activities. These obligations are regulated under relevant government authorities within India. The Group is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Company by any government agency during the financial year ended 30 June 2015.

National Greenhouse and Energy Reporting Act 2007

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Entity is not subject to the National Greenhouse and Energy Reporting Act 2007.

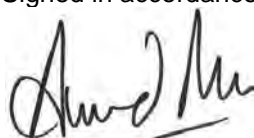
ROUNDING

The amounts contained in the Directors' Report and financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors,



A Misra
Managing Director

Perth, Western Australia
30 September 2015



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Australia

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

As lead auditor of India Resources Limited for the year ended 30 June 2015, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 September 2015

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$'000	2014 \$'000
Revenue			
Revenue and other income	3(a)	3,986	11,847
Expenses			
Production costs		(4,846)	(11,337)
Employees and directors – remuneration expenses	3(b)	(263)	(507)
Employees and directors – share based payment expenses		(298)	(4)
Corporate and administrative expenses	3(d)	(117)	(233)
Depreciation and amortisation	3(c)	(1,733)	(787)
Finance costs		(285)	(323)
Exploration and evaluation costs written off	12	(586)	(929)
(Loss) before income tax expense		<u>(4,142)</u>	<u>(2,273)</u>
Income tax expense	4	-	-
(Loss) after income tax		<u>(4,142)</u>	<u>(2,273)</u>
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	16	311	(343)
Other comprehensive income / (loss) for the year, net of tax		<u>311</u>	<u>(343)</u>
Total comprehensive (loss) for the year		<u>(3,831)</u>	<u>(2,616)</u>
(Loss) is attributable to:			
Shareholders of India Resources Limited		<u>(4,142)</u>	<u>(2,273)</u>
Total comprehensive (loss) for the year is attributable to:			
Shareholders of India Resources Limited		<u>(3,831)</u>	<u>(2,616)</u>
(Loss) per share for the year attributable to the members of India Resources Limited			
Basic and diluted (loss) per share (cents per share)	20	<u>(0.5)</u>	<u>(0.3)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Notes	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	5,24	410	152
Trade and other receivables	6	2,047	2,158
Inventory	7	1,251	1,739
Prepayments	8	491	403
Other financial assets	9	-	-
Total Current Assets		4,199	4,452
Non-Current Assets			
Other financial assets	9	146	163
Plant and equipment	10	3,715	4,450
Mine development	11	5	4
Deferred exploration expenditure	12	3,203	3,518
Total Non-Current Assets		7,069	8,135
TOTAL ASSETS		11,268	12,587
Current Liabilities			
Trade and other payables	13	6,291	5,816
Borrowings	14	1,887	2,413
Total Current Liabilities		8,178	8,229
Non-Current Liabilities			
Trade and other payables	13	519	324
Total Non-Current Liabilities		519	324
TOTAL LIABILITIES		8,697	8,553
NET ASSETS		2,571	4,034
Equity			
Contributed equity	15	40,447	38,079
Accumulated losses		(35,769)	(31,896)
Reserves	16	(2,107)	(2,149)
TOTAL EQUITY		2,571	4,034

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 July 2013	38,079	(1,668)	(29,765)	6,646
Loss after income tax	-	-	(2,273)	(2,273)
Other comprehensive (loss)	-	(343)	-	(343)
Total comprehensive (loss)	-	(343)	(2,273)	(2,616)
Transactions with owners in their capacity as owners:				
Share based payments	-	4	-	4
Transfer to (from) reserves	-	(142)	142	-
At 30 June 2014	38,079	(2,149)	(31,896)	4,034
Loss after income tax	-	-	(4,142)	(4,142)
Other comprehensive income	-	311	-	311
Total comprehensive income (loss)	-	311	(4,142)	(3,831)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,600	-	-	1,600
Extinguishment of loan	523	-	-	523
Share based payments	298	-	-	298
Cost of share issue	(53)	-	-	(53)
Transfer from reserves	-	(269)	269	-
At 30 June 2015	40,447	(2,107)	(35,769)	2,571

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		4,342	12,186
Payments to suppliers and employees		(5,618)	(10,829)
Interest received		1	15
Interest paid		(285)	(323)
Net cash inflow (outflow) from operating activities	24(b)	(1,560)	1,049
Cash flows from investing activities			
Payments for exploration and evaluation	12	(187)	(6)
Payments for mine development	11	-	(4)
Payments for purchase of plant and equipment	10	(65)	(544)
Net cash (outflow) from investing activities		(252)	(554)
Cash flows from financing activities			
Proceeds from issues of shares		1,600	-
Share issue transaction costs		(53)	-
Borrowings		587	-
Net cash inflow from financing activities		2,134	-
Net increase in cash and cash equivalents		322	495
Cash and cash equivalents, including overdraft, at the beginning of the financial year		(1,536)	(2,076)
Effects of exchange rate changes on cash and cash equivalents		(263)	45
Cash and cash equivalents, including overdraft, at the end of the financial year	24(a)	(1,477)	(1,536)
Non cash investing and financing activities	24(b)		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

1. CORPORATE INFORMATION

The financial report of India Resources Limited (Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on the date of signing of the Directors' Report.

India Resources Limited (Company) is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

The financial statements were authorised for issue by the directors on 30 September 2015. The directors have the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers the consolidated entity comprising India Resources Limited and its controlled entities (the Group). The separate financial statements of the parent entity have not been presented with this financial report as permitted by amendments made to the Corporations Act effective as at 30 June 2015.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. India Resources Limited is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2015, and no changes to the Group's accounting policy are required:

Reference	Title	Application date of standard	Impact on Group's financial statements	Application date for Group
AASB 9 (issued December 2010)	Financial Instruments	Periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The Group has not yet made an assessment of the impact of these amendments.	1 July 2018
Summary AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 & 2010 and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods in or after 01 January 2018. However, the Standard is available for early application. The own credit charges can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require a more timely recognition of expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The major changes are: <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on : <ol style="list-style-type: none"> The objective of the Entity's business model for managing the financial assets; and The characteristic of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity 				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

<p>instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d. Where the fair value option is used for financial liabilities the changes in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ➤ The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and ➤ The remaining changes are presented in profit or loss. <p>AASB 9 also removes the volatility in profit or loss that was caused by charges in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p>				
Reference	Title	Application date of standard	Impact on Group's financial statements	Application date for Group
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisition of interests in Joint Operations	1 January 2016	No impact as the company does not have any interest in joint operations.	1 July 2016
<p>Summary</p> <p>AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <ul style="list-style-type: none"> a. The acquirer of the interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and b. The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. <p>This standard also makes an editorial correction to AASB 11.</p>				
Reference	Title	Application date of standard	Impact on Group's financial statements	Application date for Group
AASB 2014-4	Clarification of Acceptance Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	The Group has not yet made an assessment of the impact of these amendments.	1 July 2016
<p>Summary</p> <p>AASB 116 and AASB 118 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has classified that the use of the revenue based methods to calculate the depreciation of assets is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>				
Reference	Title	Application date of standard	Impact on Group's financial statements	Application date for Group
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	No impact as the company does not have any interest in joint operations.	1 July 2016
<p>Summary</p> <p>AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Reference	Title	Application date of standard	Impact on Group's financial statements	Application date for Group
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures.	Annual reporting periods commencing on or after 1 January 2015.	All comparatives are no longer required to be restated, there will be no impact on amounts recognised in the Financial Statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015
Summary Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.				
AASB 15	Revenue from Contracts with Customers	Annual reporting periods commencing on or after 1 January 2018.	Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements.	1 July 2018.
Summary AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.				

The Group has not elected to early adopt any new Standards or Interpretations.

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors are of the opinion that, as at the date of these financial statements, the Group is a going concern and, as a result, the financial report for the year ended 30 June 2015 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

During the year ended 30 June 2015, the Group recorded a loss of \$4,142,000 (2014: \$2,273,000) and, as at the reporting date, the Group's current liabilities exceeded its current assets by \$3,979,000 (2014: \$3,777,000). It is noted that this loss includes the following non-cash items:

- depreciation and amortisation expenses of \$1,733,000; and
- share based payment of \$298,000;
- a gain on issue of shares of \$203,000; and
- exploration written off of \$586,000.

These non-cash items amount to \$2,414,000, leaving \$1,728,000 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 HCL continue to only accept IRL's

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

claims for direct dewatering, care and maintenance costs at the mine amounting to 34.5M INR (\$0.7M) out of IRL's claims exceeding 250M INR (\$5.1M).

Other disputes also remain unresolved, including the losses arising from the plant closure, disputes arising from the arbitration award (especially regarding material escalation), and losses from the environmental limit of 400,000 tonnes of production imposed on the mine prior to the commencement of the Surda operations. The Group continues to pursue these claims against HCL with the view they are genuine and reasonable, and are once resolved are expected to correct the net current asset deficit. However, these claims will take time to resolve and prior to doing so operations will face pressures from employees and creditors that may threaten the company's ability to continue.

It is crucial that the Surda operations produce copper in line with budgeted expectations to support the financial viability of operations. Since the recommencement of mining operations at Surda the operations have generated positive cash flows allowing the Group to meet its external creditor obligations.

The Company also expects to soon begin receiving long outstanding amounts of tax deducted at source (TDS) of \$332,000 from the Indian Tax Office (ITO) which were delayed by the ITO forming a tax assessment against Swan Gold Mining Limited (Swan) (see further comments below, and also refer to Note 21).

Operations at the Surda expansion project presently remain suspended and terminated by the contractor, Shriram EPC Limited (SEPC). Whether these operations recommence or not will have an impact and influence on Group cash flows, but are not as critical as other issues. Resolution of issues through legal courses of action may have both positive and negative repercussions for the Group, but this scenario is expected to be a long term matter and not critical to the immediate ability to continue as a Going Concern.

Importantly, the Group has now received administrative approval for its Aravalli Project Mining Lease application. Aravalli, a world class lead-zinc project, is the company's primary asset. IRL must soon locate sufficient funding to satisfy Indian authorities that it can execute the project, and it is pursuing discussions with serious parties that wish to support this project. Such funding, if obtained, is expected to be sufficiently large to alleviate pressures on the Group cash flows and enable the Surda operations to continue. Therefore funding for Aravalli is critical, both to support Group cash flows and to avoid the threat of losing the project.

Obtaining funding for Aravalli has been made problematic by the tax assessment made by the ITO against Swan for which IRL has agreed to indemnify Swan. The assessed amount, and the threat of further assessments for other years of operations, are considered an ambit claim without reasonable justification by the company. It expects to defeat these through an appeal to an independent Tribunal. Nonetheless the amounts assessed are sufficiently large to cause serious concern to investors. However, in recent months IRL's position has been further strengthened due to the release of a Circular by the Indian Central Board of Direct Taxes that makes it clear that no amount can be assessed against Swan. Additionally, HCL have now amended their treatment of IRL's TDS which corrects this problem going forward and supports the argument being made by Swan/IRL against the ITO. The company is confident a positive result that resolves this issue and releases TDS held by the ITO will be achieved soon.

At the date of this report, the Directors believe they have reasonable grounds to expect they can raise additional capital in the time frames required in order for the Group to meet its commitments as and when they fall due.

Therefore the following issues are considered important to support the Group's ability to continue as a going concern:

- i. Production from operations in line with budget expectations to generate positive cash flows.
- ii. Resolution of the Swan tax issue and receipt of TDS refunds held by the ITO.
- iii. Obtaining funds to execute the Aravalli Project and the Letter of Intent to issue the Mining Lease.
- iv. Continuous support provided by the Group's financiers and creditors.
- v. Successful settlement of claims with HCL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Clearly the Group faces considerable issues but considers them manageable; indicating a reasonable basis to expect that the Group will continue to operate as a going concern. However, should the Group not achieve the above matters there is material uncertainty that may cast significant doubt on the Group's ability 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.

(b) Basis of consolidation

The consolidated financial statements are those of the group comprising India Resources Limited (India Resources or Company) and all entities (including special purpose vehicles) that India Resources controlled during the year and at the reporting date. Group entities, including special purpose entities, are those over which the group has the power to govern the financial and operating policies with a shareholding of more than 50% of the voting rights. Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control. Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(c) Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following significant accounting judgements and estimates in the preparation of these financial statements.

(i) Contingent liability – Corporate taxes on Surda Project

The Indian Income Tax Department (ITO) has assessed Swan Gold Mining Limited (Swan) as owing outstanding corporate taxes amounting to 441M INR (\$9.0M) for the 2010/11 and 345M INR (\$7.0M) for the 2011/12 financial years. Potentially all other years may be assessed in a similar fashion. These liabilities fall on IRL as it agreed to indemnify Swan for all liabilities arising out of the contractual arrangement with HCL.

As disclosed in Note 21, the Directors have not recognised a provision in the 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.

(ii) Income tax expense

The income tax expense for Indian subsidiaries has been estimated and calculated based on management's best knowledge of Indian Income Tax legislation. There may be differences with the treatment of individual jurisdiction provisions but these are not expected to have any material impact on the amounts as reported.

(iii) Exploration and evaluation rights to tenure

The carrying value of the Group's exploration and evaluation asset relates to the Groups interest in the Aravalli base metals project. The Group is currently in the process of obtaining a mining license for the project and during the year the Government of Rajasthan administratively approved the Company's Aravalli Lead-Zinc Project Mining Lease (ML) in favour of IRL's 100% owned subsidiary, Crown Mining Private Limited (CMPL). The Group continues to work with the Government of Rajasthan to obtain a letter of intent for the mining license which would allow the Group to commence mining. In the current financial year, \$187,000 has been capitalised to exploration and evaluation costs and has been carried forward on the basis that the Group has rights to tenure to the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*(iv) Exploration and evaluation*

Exploration and evaluation expenditure has been carried forward in accordance with policy 2(g) on the basis that exploration and evaluation activities have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable resources are not assessed as being present, this expenditure will be expensed to profit or loss. Exploration assets include expenditure incurred acquiring the right to apply for tenements, and expenditure on tenements that remain under application for which the Group have the preferential right to the tenements.

(v) Carrying value of Surda Project assets

The carrying value of the Group's assets relating to the Surda contract copper mining project has been assessed on the basis that the Group has successfully recommenced operations under the Surda work order and expect normal operations to continue (see also Note 10, 25(c)). Based on this, the Directors are confident that the assets are not impaired. Should the Group not be able to maintain normal mining operations to achieve positive cash flows 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.

(vi) Provision for impairment of receivables

The Group tests annually whether receivables have suffered any impairment, in accordance with the accounting policy stated in note 1 (f). The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history. Refer to note 6 for details on the Provision for Impairment of Receivables and Receivables written off during the year as uncollectible.

(vii) Provision for obsolescence of stores and spares inventory

The Group assesses each reporting date as to whether any provision is necessary to be made against inventory. Factors such as the age of inventory, its net realisable value and the ability of the Group to utilise the inventory on its Surda operations are all considered when determining whether a provision is necessary. Major spare parts and servicing equipment for the Group's plant and equipment are capitalised to property, plant and equipment and depreciated over their useful life.

(viii) Share based payment transactions

The Company measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by internal valuation using a Black-Scholes valuation methodology using the assumptions disclosed in Note 15.

(d) Parent entity financial information

The financial information for the parent entity India Resources Limited, disclosed in Note 26, has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of India Resources Limited. Such investments include both investments in shares issued by the subsidiary and other parent entity interest that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

(e) Foreign currency translation*(i) Functional and presentation currency*

Both the functional and presentation currency of the Company is Australian dollars (\$). The functional currency of the Indian registered subsidiary companies is Indian rupee (INR). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*(ii) Foreign currency translation*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

All exchange differences relating to transactions and balances denominated in foreign currency in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(iii) Translation of financial reports of foreign operations

The assets and liabilities of subsidiary companies are translated to the Group presentation currency at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. Any exchange differences are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, cumulative deferred exchange differences are recognised in profit or loss as part of the profit or loss on sale.

(f) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less any provision for impairment. An estimate of the provision for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against any exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the impairment allowance is charged against profit or loss for the year.

When an area of interest is abandoned, any expenditure carried forward in respect of that area of interest is written off in the year in which the decision to abandon is made.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Amortisation is not charged on areas under development, pending commencement of production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and long service leave and any other benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national corporate bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

(i) Share based payment transactions

The Company provides benefits to employees (including Directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions"). There is currently an Employee Incentive Option Scheme and an Employee Share Scheme in place to provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined by internal valuation using a Black-Scholes valuation methodology, details of which are given in Note 15. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions").

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The profit or loss charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of earnings or loss per share (see Note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Copper revenue

Revenue from the sale of copper concentrate produced at the Surda project is recognised at the fixed contract price with the client, Hindustan Copper Limited. Revenue from the sale of copper concentrate is recognised when the product is suitable for delivery and has been despatched to the customer and is no longer under the physical control of the Group.

Consulting

Revenue from consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

(k) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment loss. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight line basis on all plant and equipment. Major depreciation periods are:

Plant and equipment	8 years
Motor vehicles	10 years

Until the present financial year, plant and equipment had been depreciated over 10 years but due to a change in the Indian company law this period has been adjusted to 8 years (Refer to Note 3(c)).

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(l) Impairment of non-financial assets

Where an indicator of asset impairment exists, the entity makes a formal estimate of recoverable amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(n) Taxation**(i) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The deferred income tax, however, is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost (after initial recognition at fair value) and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Earnings per share**

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share 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 additional shares assumed to have been issued for no consideration in relation to potential ordinary shares.

(q) Cash and cash equivalents

Cash and short term deposits in the Statement of Financial Position comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash includes cash on hand and in banks, as defined above (and money market investments readily convertible to cash on hand), net of outstanding bank overdrafts.

(r) Contributed equity

Issued share capital is recognised as equity at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

(s) Mine development costs

Mine development expenditure represents the costs incurred in preparing mines for recommissioning and production, and also includes other directly attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases for which tenure is current. Once production commences, these costs are amortised over the remaining lease term. For the Surda Project the costs are amortised on a straight line basis over the remaining term, of the current contract, being to March 2017. Development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

(t) Inventories

Inventory comprises of stores and spares, copper concentrate on hand and copper in circuit. Inventory is stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and a proportion of indirect overhead expenditure allocated on the basis of relevant operating capacity. Costs are assigned to individual items of inventory on the basis of the first in first out allocation method. Costs of purchased inventory are determined after deducting applicable rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and to make the sale.

(u) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(v) Borrowings

All loans and borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability. The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

(w) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(x) Other financial assets - investments*Classification*

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss; and loans and receivables. Management determines the classification of its investments at initial recognition. Investments comprising principally marketable equity securities are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(y) Derivatives**

Derivatives are initially recognised at fair value on the date of the transaction and are subsequently re-measured to their fair value at conversion, extinguishment and reporting dates. All movements in derivatives are taken to profit or loss.

(z) Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

	2015 \$'000	2014 \$'000
3. REVENUE AND EXPENSES		
(a) Revenue from operations		
- Sale of copper concentrate	3,233	11,808
Other Revenue and Other Income		
- Consulting income	105	24
- Gain on issue of shares (Refer to Note 15(b)(iii))	203	-
- Liabilities written back	430	-
- Interest received	15	15
	<u>753</u>	<u>39</u>
Total revenue and other income	<u>3,986</u>	<u>11,847</u>
(b) Employee and directors' remuneration expenses		
- Salaries and wages	154	391
- Superannuation	-	6
- Directors' and consultants' fees	109	110
	<u>263</u>	<u>507</u>
(c) Depreciation and amortisation		
- Depreciation of plant and equipment (i)	1,733	895
- Useful life adjustment (Refer to Note 10(b))	-	(375)
- Amortisation of mining development costs	-	267
	<u>1,733</u>	<u>787</u>
(i) Depreciation increased during the year due to a change in Indian company law whereby plant and equipment must now be depreciated over 8 years instead of 10 years. The impact is an adjustment of \$780,000 in the current financial year.		
(d) Fees and other expenses		
- Audit fees	56	53
- Consulting fees	12	42
- Legal fees	6	6
- Travel and accommodation	8	33
- ASX Fees and share registry	25	22
- Other	10	77
	<u>117</u>	<u>233</u>
(e) Rental expense relating to operating leases		
- Minimum lease	9	43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

4. INCOME TAX**2015
\$'000****2014
\$'000****(a) The major components of income tax are:**

Current income tax	-	-
Deferred income tax	-	-
	<u>-</u>	<u>-</u>

(b) Reconciliation of income tax expense to prima facie tax payable

Loss before income tax	<u>(4,142)</u>	<u>(2,273)</u>
Tax at the Australian income tax rate of 30% (2014: 30%)	(1,243)	(682)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	542	872
Differences in overseas tax rates	303	26
Tax losses recouped	-	(216)
Deferred tax asset	<u>(398)</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

Deferred Tax Assets

The balance comprises temporary differences attributable to:

Capitalised mine development costs	812	399
Tax losses available	<u>1,167</u>	<u>34</u>
<i>Total deferred tax assets</i>	<u>1,978</u>	<u>434</u>

Set off of deferred tax liabilities pursuant to set off provisions	<u>-</u>	<u>(11)</u>
Net unrecognised deferred tax assets	<u>1,978</u>	<u>423</u>

Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Property, plant and equipment	<u>-</u>	<u>11</u>
<i>Total deferred tax liabilities</i>	<u>-</u>	<u>11</u>

Set off of deferred tax liabilities pursuant to set off provisions	<u>-</u>	<u>(11)</u>
Net deferred tax liabilities	<u>-</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

Cash at bank	324	31
Cash on deposit	77	120
Cash on hand	<u>9</u>	<u>1</u>
	<u>410</u>	<u>152</u>

Refer to note 23 which contains the risk exposure analysis for cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

6. TRADE AND OTHER RECEIVABLES

	2015	2014
	\$'000	\$'000
CURRENT		
Unsecured loans – other parties (a)	-	1,759
Provision for impairment of unsecured loans (a)	-	(1,759)
Net amount of unsecured loans	-	-
Trade receivables (b)	1,243	2,729
Provision for impairment of trade receivables (c)	(924)	(1,115)
Net amount of trade receivables	319	1,614
Other receivables (d)	1,728	545
	<u>2,047</u>	<u>2,159</u>

- (a) Loans to Swan Gold Mining Limited (Swan) (formerly Monarch Gold Mining Company Limited), a former related party, were unsecured, with interest charged at the prevailing overdraft rate for amounts equal to each principal advance plus a margin of 1.5% calculated daily up to 10 July 2008 when Swan was placed in Voluntary Administration (refer to Note 17(b)(iii)). The Group has subsequently received distributions from the Swan Gold Group Trust, and through the Group Trust the company continues to have an interest in around 400,000 shares in Swan. However, presently no value is attributed to these shares in the accounts.
- (b) Trade receivables represent amounts due from customers (refer Note 6(c)).
- (c) \$1.075M of the trade receivables relate to amounts due from the customer Hindustan Copper Limited (HCL). A provision for doubtful debts of \$924,000 has been recorded against the receivable (2014: \$1,115,000). The provision is made up of amounts in dispute in relation to the balance amount of liquidated damage left after amount received from HCL (\$377,161) and the differential amount for excise duty dispute (\$ 546,839).
- (d) Other receivables are receivables that are not due from a client through the usual operating activities of the Group, and include claims agreed by HCL (\$0.7M), tax credits and receivables, billable cost for extracted but unprocessed copper ore, and advances to employees. Collateral is not normally obtained.
- (e) Past due but not impaired

As at 30 June 2015, trade receivables of \$143,000 (2014: \$660,000) were past due but not impaired. \$137,000 of this relates to a major customer who is expected to fully settle this amount. All are expected to be received. The Group does not hold any collateral in relation to these receivables.

	2015	2014
	\$'000	\$'000
Up to one month	176	954
Over one month (past due)	143	660
	<u>319</u>	<u>1,614</u>

Movements in the provision for impairment of receivables are as follows:

Opening balance	1,115	1,301
Impaired receivables received during the year	(344)	(158)
Foreign exchange movement	153	(28)
Closing balance	<u>924</u>	<u>1,115</u>

Other receivables are reviewed and impaired if not considered recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

7. INVENTORY

	2015	2014
	\$'000	\$'000
Work in progress	363	610
Stores and spares – at cost (a),(b)	888	1,129
	<u>1,251</u>	<u>1,739</u>

- (a) \$304,000 in stores and spares were transferred to Property, Plant and Equipment as spares (see Note 10) in accordance with accounting standards.
- (b) Inventories recognised as an expense during the year ended 30 June 2015 amounted to \$642,000 (2014 – \$3,204,000).

8. PREPAYMENTS

Other payments	491	403
	<u>491</u>	<u>403</u>

9. OTHER FINANCIAL ASSETS**NON-CURRENT**

Security deposits and prepaid rental for Surda mine	55	163
Other deposits	10	-
Retention receivable	81	-
	<u>146</u>	<u>163</u>

10. PLANT AND EQUIPMENT

Cost	11,446	9,625
Less accumulated depreciation	(7,731)	(5,175)
Net book amount	<u>3,715</u>	<u>4,450</u>

Reconciliation

Opening net book amount	4,450	3,970
Additions	65	544
Transfers from mine development	-	560
Transfers from inventory (a)	304	-
Foreign exchange differences	629	(104)
Useful life adjustment (b)	-	375
Depreciation charge	(1,733)	(895)
Closing net book amount	<u>3,715</u>	<u>4,450</u>

- (a) \$304,000 in stores and spares inventory were deemed to be major spare parts and transferred to Property, Plant and Equipment as spares (see Note 7).
- (b) During the 2014 year, the estimated total useful life to a foreign branch of certain types of plant and equipment used in the Group's Indian mining operations were revised. The net effect of this change in the prior financial year was a reduction in depreciation of \$375,000.

All the plant and equipment has been pledged as security by the Group (refer Note 14 and 21). As at 1 July 2013, the cost of plant and equipment was \$8,712,000 and accumulated depreciation was \$4,742,000, to give the opening net book amount of \$3,970,000.

Significant estimate – key assumptions used in the value-in-use calculations

The following key assumptions were used to determine the recoverable value of the Surda plant and equipment:

- Residual payment for plant and equipment: \$3,240,506
- Completion date: December 2017
- Pre-tax discount rate: 12%
- Continuation of work order (Note 25 (c))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

	2015 \$'000	2014 \$'000
11. MINE DEVELOPMENT		
Cost	3,998	3,584
Less accumulated amortisation	(3,993)	(3,580)
Net book amount	<u>5</u>	<u>4</u>
Reconciliation		
Opening net book amount	4	835
Additions	-	4
Transfers to Plant and Equipment	-	(560)
Foreign exchange differences	1	(8)
Amortisation charge	-	(346)
Reversal of amortisation charge	-	79
Closing net book amount	<u>5</u>	<u>4</u>

This represents costs associated with re-commissioning and bringing into operation the Surda mine and developing future mining programmes. Mine development costs are amortised over the licence period.

12. DEFERRED EXPLORATION AND EVALUATION

Opening balance	3,518	4,456
Exploration and evaluation expenditure incurred in current year (a)	187	6
Exploration and evaluation expenditure written off (b)	(586)	(929)
Foreign exchange differences	84	(15)
Closing balance	<u>3,203</u>	<u>3,518</u>

The ultimate recoupment of costs carried forward for exploration expenditure is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest.

- (a) Costs are being capitalised for the Aravalli lead-zinc project in Rajasthan since administrative approval for this project was granted on 23 December 2014.
- (b) \$586,000 exploration and evaluation expenditure for IRL's diamond interests was written off during the year due to the uncertainty that this value will be recovered after reviewing all relevant factors such as the fact that applications to extend the Prospecting Licenses remain in process, after considering changes in the Indian administrative environment, group priorities and its availability of funds.

13. TRADE AND OTHER PAYABLES**CURRENT**

Trade creditors and accruals	2,130	2,728
Employee benefits	775	314
Other payables and accruals	<u>3,386</u>	<u>2,774</u>
	<u>6,291</u>	<u>5,816</u>

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms.

NON-CURRENT

	2015 \$'000	2014 \$'000
Employee benefits	<u>519</u>	<u>324</u>
	<u>519</u>	<u>324</u>

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14. BORROWINGS

		2015 \$'000	2014 \$'000
Secured	Maturity		
Bank overdraft (a)	2015	1,887	1,688
Loans from other parties - principal (b)	2014	-	719
Loans from other parties - interest payable (b)	2014	-	6
Total current borrowings		<u>1,887</u>	<u>2,413</u>

- (a) The bank overdraft is for working capital and is secured over mine inventory and receivables. The size of the overdraft facility is limited to 75% of the value of inventory and receivables up to a maximum drawdown limit of 75,000,000 Indian rupees or \$1,532,000 (2014: \$1,407,150). At 30 June 2015 the Group was also accessing a 15,000,000 Indian rupees or \$307,000 (2014: \$265,500) Letter of Credit that is fully interchangeable with the bank overdraft to give a total access of \$1,839,000 (2014: \$1,672,650). At 30 June 2015 the Group had committed to expenditures in excess of the facility by \$48,000 (2014: in excess of the facility by \$15,000).
- (b) Loans from other parties are from Noble Resources International Australia Pty Ltd (Noble), having been assigned the benefit and right associated with this loan from Noble Resources Australia Pty Ltd. The loan is subject to a negative pledge that the Company will not incur any financial indebtedness or grant any security interest over its assets without the consent of the lender as well as entering a deed of floating charge over the assets of the Company, and the Company pledged its shares in Pebble Creek Mining Ltd as further security. During the year a placement agreement was entered into with Noble whereby 90 million shares were issued in two tranches to Noble at a deemed value of \$0.008 per share or \$0.72M as the full and final payment for the interest and principal payable for the loan. 72.8 million shares were issued in the first tranche with 17.2 million shares to be issued in the second tranche contemporaneously with completion of the second tranches of the share placement with RCF VI which was subject to the approval of shareholders (see Note 15(b)). Previously in 2014 the Company was committed to interest charged at 10.5% plus a monthly principal repayment of \$26,500.

15. CONTRIBUTED EQUITY

	2015 \$'000	2014 \$'000	
(a) Ordinary shares			
1,000,590,776 (2014:655,590,776) ordinary fully paid shares	<u>40,447</u>	<u>38,079</u>	
(b) Movements in ordinary share capital	Shares	Issue price (i)	\$'000
Balance at 1 July 2013	655,590,776		38,079
Balance at 30 June 2014	<u>655,590,776</u>		<u>38,079</u>
Issue of shares to RCF VI – Tranche 1	73,897,694	0.008	591
Issue of shares to Noble – Tranche 1 (iii)	72,800,000	0.006	437
Issue of shares to RCF VI – Tranche 2	126,102,306	0.008	1,009
Issue of shares to Noble – Tranche 2 (iii)	17,200,000	0.005	86
Issue of shares to Directors and Management	51,500,000	0.005	258
Issue of shares to extinguish debt of consultant	3,500,000	0.011	40
Share issue expenses	-		(53)
Balance at 30 June 2015	<u>1,000,590,776</u>		<u>40,447</u>

- (i) Cash was only received for shares issued to RCF VI. Despite shares being issued at similar times the varying accounting treatment for each situation resulted in different accounting values for issue of shares.
- (ii) Ordinary shares entitle the holder to participate in dividends 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, and upon a poll each share is entitled to one vote.

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15. CONTRIBUTED EQUITY (continued)

- (iii) Issue of shares in two tranches in settlement of \$725,000 (\$719,000 loan principal and \$6,000 interest) (refer to Note 14(b)) resulted in a gain of \$203,000 in the Consolidated Statement of Profit or Loss (Refer to Note 3(c)).

(c) Movements in share options (listed and unlisted)

	Weighted average exercise price	Options
Balance at 30 June 2013		50,663,066
Issued to consultant November 2013	\$0.060	2,000,000
Expiry of November 2011 options	\$0.025	(2,000,000)
Expiry of September 2011 options	\$0.050	(5,800,000)
Expiry of April 2010 options	\$0.070	(5,600,000)
Expiry of November 2010 options	\$0.070	(4,250,000)
Balance at 30 June 2014		35,013,066
Expiry of November 2010 options		(25,013,066)
Balance at 30 June 2015		10,000,000

Date options granted	Expiry Date	Issue price of shares	Number under option
11 December 2007	31 December 2017	\$0.0025	6,000,000
19 December 2012	30 November 2015	\$0.060	2,000,000
14 November 2013	30 November 2017	\$0.100	2,000,000
			10,000,000

The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 is 2.07 years (2014: 1.24 years). The weighted average fair value of options granted during the year ended 30 June 2015 was NIL (2014: 0.06 cents). The weighted average fair value of options expired during the year ended 30 June 2015 was 1.11 cents and their exercise price was 2.50 cents (2014: 0.81 cents and 5.83 cents). The value attached to the options above relates only to the options that had vested at the reporting date. The fair value of equity-settled share options granted is estimated as at the date of grant or service provided using a binomial model taking into account the terms and conditions upon which the options were granted.

No options were granted during the year ended 30 June 2015.

The inputs to the financial model used for valuing options, granted during the year ended 30 June 2014, were:

	Consultant
Issue Date	14 November 2013
Dividend yield	0%
Expected volatility	125%
Risk-free interest rate	3.29%
Expected life of options	4.0 years
Option exercise price	10.0 cents
Expiry Date	30 November 2017

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. CONTRIBUTED EQUITY (continued)**(d) Capital risk management**

Management's objectives when managing capital are to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management has no current plans to reduce the capital structure through a share buy-back.

The Group's debt-to-equity ratio is 3.38 (2014: 2.12).

(e) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions during the period as part of employee benefit expense were as follows:

	2015 \$'000	2014 \$'000
Options	-	4
Shares issued to Directors and management	258	-
Shares issued to extinguish debt of consultant	40	-
Closing balance	<u>298</u>	<u>4</u>

16. RESERVES

	2015 \$'000	2014 \$'000
Option and share-based payments reserve (a)		
Opening balance	1,213	1,351
Share based payments charge incurred in current year	-	4
Transferred from option reserve	(269)	(142)
Closing balance	<u>944</u>	<u>1,213</u>
Foreign exchange translation reserve (b)		
Opening balance	(3,362)	(3,019)
Exchange differences in current year	311	(343)
Closing balance	<u>(3,051)</u>	<u>(3,362)</u>
	<u>(2,107)</u>	<u>(2,149)</u>

Nature and purpose of reserves

- (a) The option and share-based payment reserve represents the value of equity benefits provided to Directors and employees as part of their remuneration and the value of services provided to the Group paid for by the issue of equity.
- (b) The foreign exchange translation reserve represents the exchange difference arising on translation of foreign controlled entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(a) Compensation of key management personnel

Remuneration by category	2015 \$	2014 \$
<i>Key management personnel</i>		
Short-term	822,329	892,055
Post-employment	-	5,550
Long term benefits	40,603	36,951
Share-based payment	235,000	-
	<u>1,097,932</u>	<u>934,556</u>

(b) Transactions with related parties

- (i) During the year, the Company accrued \$166,480 (2014: \$164,413) in consulting and contract services with Aranak Pty Ltd, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2015 \$421,931 (2014: \$465,195) was payable to Aranak Pty Ltd (excluding leave provisions).
- (ii) During the year, the Company accrued Nil (2014: \$125) in contract services with Aurum Corporate Pty Ltd, a company associated with Mr M Muhling, the Group Commercial Manager, on normal commercial terms (excluding the services supplied directly by Mr Muhling). At 30 June 2015 Nil (2014: \$14,817) was payable to Aurum Corporate Pty Ltd but \$33,520 was payable to Mr Muhling directly (2014: Nil).
- (iii) The company pays the fees of Mr Andrew Simpson, the non-executive Chairman, through his private company Resource & Technology Marketing Services Pty Ltd. At 30 June 2015 \$72,623 (2014: Nil) was accrued to Resources and Technology Marketing Services Pty Ltd. At 30 June 2015 Nil (2014: \$125,500) was payable to Mr Andrew Simpson directly for outstanding director fees.
- (iv) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2015 \$11,990 (2014: \$71,941) was payable to James Anne Holdings Pty Ltd. \$396 was payable at 30 June 2015 to Mr David Humann directly (2014: \$2,241).

(c) Transactions with other parties

- (i) On 5 September 2008, the Company secured a working capital debt facility of \$1,500,000 from Noble Resources Australia Pty Ltd, a related party of Territory Resources Pty Ltd. The facility was repayable by 1 October 2014 and was secured by a fixed and floating charge over the Company. As at 30 June 2015 the balance drawn on this facility was nil (2014: \$719,268.76) with interest expensed during the 2015 financial year was \$6,414 (2014: \$75,567). In September 2014 the Company entered into a placement agreement as full and final payment for the outstanding loan principal and interest (Refer to Note 15(b)).

18. REMUNERATION OF AUDITORS

Amounts paid or due and payable to the auditors for:

	2015 \$	2014 \$
Audit and review of financial reports:		
- Australia	56,036	53,358
- India	10,272	9,401
	<u>66,308</u>	<u>62,759</u>
Taxation and other advisory services:		
- India	1,934	1,770
	<u>68,242</u>	<u>64,529</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. SEGMENT INFORMATION**(a) 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 are disclosed in the Directors' Report.

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

(b) Segment information provided to the Board of Directors

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

30 June 2015	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	3,667	115	0	204	3,986
Loss before income tax expense	(2,840)	(348)	(586)	(368)	(4,142)
EBITDA (loss)	(831)	(348)	(595)	(350)	(2,124)
Depreciation and amortisation	1,733	0	0	0	1,733
Total segment assets	7,333	335	3,203	397	11,268
Total segment liabilities	7,369	362	0	966	8,697

30 June 2014	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	10,850	995	0	2	11,847
Loss before income tax expense	(366)	(219)	(929)	(759)	(2,273)
EBITDA (loss)	464	(15)	(929)	(683)	(1,163)
Depreciation and amortisation	787	0	0	0	787
Total segment assets	8,586	394	3,518	89	12,587
Total segment liabilities	6,345	475	0	1,733	8,553

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. SEGMENT INFORMATION (continued)

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:

	Consolidated	
	2015	2014
	\$'000	\$'000
EBITDA	(2,124)	(1,163)
Finance Costs	(285)	(323)
Depreciation and Amortisation	(1,733)	(787)
Loss before income tax expense	(4,142)	(2,273)

20. LOSS PER SHARE

Basic and diluted loss per share (cents per share)	<u>(0.5)</u>	<u>(0.3)</u>
Loss used in calculating basic and diluted loss per share (\$'000)	<u>(4,142)</u>	<u>(2,273)</u>
Weighted average number of ordinary shares used in the Calculation of basic loss per share	<u>907,938,074</u>	<u>655,590,776</u>

Effect of dilutive securities:

There is no impact of dilutive shares as the Group made a loss for the year, hence any dilution would reduce the loss per share. Diluted earnings per share are therefore the same as basic loss per share.

21. CONTINGENCIES

Contingent liabilitiesHindustan Copper Limited

The Group has given guarantees in respect of its contracted obligations to HCL for 10 million INR, or \$204,000 AUD (2014: \$177,000) and to a third party as security for lease of business premises for \$11,470 (2014: \$11,470).

The Group's guarantees to undertake the Rakha copper project on behalf of HCL expired during the financial year. At 30 June 2014 these were 5 million INR, or \$90,000 AUD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. CONTINGENCIES (continued)Shriram EPC Limited

The Group has provided 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 (\$2.85M AUD). To activate this guarantee SEPC must suffer a loss with their own guarantee to Hindustan Copper Limited (HCL), and it must be finally determined that their loss was due to work done and under the responsibility of ICMPL.

In March 2015 SEPC purported to terminate the sub-contract agreement and made allegations of losses against ICMPL for loss of profit, interest paid, and potential liquidated damages. However, since terminating the agreement SEPC has not finalised and paid ICMPL's dues, or resumed the work itself. Consequently HCL has issued a Show Cause Notice to SEPC, followed by the warning it may terminate SEPC's contract if it does not commence work.

Swan Gold Mining Limited (Swan) Tax Deducted at Source

During the year the Indian Income Tax Office (ITO) assessed that Swan owes 441M INR (\$9.0M) for the 2010/11 and 345M INR (\$7.0M) for the 2011/12 financial year. The ITO is yet to scrutinise the accounts for the following years, and may review earlier lodgements. Under the Deed of Appointment with Swan, IRL is responsible for these tax liabilities as it agreed to indemnify Swan from all liabilities relating to the Surda Work Order (see Note 25(c)).

This assessment arose because the ITO formed a different view on the nature of the HCL, Swan and IRL relationship to Swan and IRL. Swan/IRL have taken the view that only one transaction exists – between IRL (as Swan's SPV as named in the original contract) and HCL. Swan's does no actual work in India, it has employed no people, has no office, and it makes no margin or gain of any kind from the Surda Work Order because this has all been assigned to IRL through the Deed of Appointment. IRL argues that the Deed means Swan's only role is to act as IRL's Agent. Finally, there is only one invoice as the Swan invoice directs HCL to pay directly to IRL's account.

However, the ITO noted documents stating that IRL is a sub-contractor and Swan is the contractor that invoices from Swan to HCL exist, that the formal contract remains with Swan, and that Swan has shown notional revenue and expenses in its tax returns. Finally it also noted that HCL deducts tax and puts it into Swan's account, not IRL's. Accordingly it concluded that there should be two transactions, with Swan invoicing HCL and IRL invoicing Swan. In this case both parties should be deducting tax at source, and since Swan has not deducted any funds from IRL it is not entitled to claim any of IRL's expenses as being deductible. In this fashion, IRL's entire revenue for every year is potentially taxable to Swan but Swan cannot claim the same amount as the taxable expense of having IRL do the work. This effectively results in 42% tax on IRL's gross revenue.

Swan/IRL are appealing to a Tribunal 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. Success in the Tribunal is deemed probable because the Tribunal is independent of the ITO, and is considered to be more objective, fair and sophisticated. All of these qualities heavily favour Swan.

The position of Swan/IRL was further strengthened due to the release of a Circular by the Indian Central Board of Direct Taxes that makes it clear that tax can only be deducted at source on the profit portion of income. It is clearly known that IRL has made no profit, so no tax needed to be deducted at source and the ITO cannot treat it as non-deductible expense. Furthermore, this Circular arose because this has become well established income tax law in India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. CONTINGENCIES (continued)

Additionally, in April 2015 HCL began allocating the tax it deducted at source to IRL instead of Swan's account, based on IRL's tax exemption certificate. This means that Swan does not have this problem going forward because tax has been deducted at source. If the ITO is consistent in its approach then its future assessments must be against HCL for not deducting tax at source from Swan, however HCL's assessor, like IRL's, is treating the Surda Work Order as one transaction.

Swan/IRL continue to await the Tribunal Hearing hoping to bring this matter to a resolution as soon as possible to remove the uncertainty caused by the ITO's assessment, and to receive outstanding tax refunds of \$332,000 (recorded as a receivable in the accounts) as soon as possible. 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. However should the company not be successful in the appeal, the company may be required to pay the amounts determined by the ITO as detailed above, and may be liable for any additional amounts relating to future financial years assessed by the ITO

Contingent assets

The Group has more than 400M INR (\$8.3M) in advanced claims that have not been accepted by Hindustan Copper Limited (HCL). This includes approximately:

- (a) 250M INR (\$5.1M) claimed by the company in relation to the work stoppage that lasted more than nine months.
- (b) 68M INR (\$1.4M) in losses and associated interest arising from the plant closure.
- (c) 65M INR (\$1.3M) in relation to the arbitration award (especially regarding material escalation).
- (d) 24M INR (\$0.5M) in liquidated damages held by HCL, unpaid bonuses and associated interest given the environmental limit of 400,000 tonnes of production has been imposed on the mine since the commencement of the Surda operations.

These claims are being vigorously pursued, but progress is impeded by the need to retain a good working relationship with HCL, and due to the operating environment in India. It is difficult to forecast with any reliability the timing or amount that may be obtained through these claims.

Other claims exist that are yet to be vigorously pursued with HCL.

22. SUBSEQUENT EVENTS

No matters of circumstances have arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years,
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The Group's principal financial instruments comprise cash, receivables, payables, investments and loans. The Group manages its exposure to key financial risks in accordance with the Group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Primary responsibility for identification and control of financial risks is borne between the board members and executive management.

Risk exposures and responses**(a) Interest rate risk**

The Group's exposure to market risk for change in interest rates relates primarily to their interest bearing liabilities. The level of debt is disclosed in Note 14. At the reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2015 \$'000	2014 \$'000
Financial Assets		
Cash and cash equivalents	410	152
Financial Liabilities		
Borrowings	(1,887)	(2,413)
Net exposure	<u>(1,477)</u>	<u>(2,261)</u>

The Group monitors interest rate exposure and should interest change rise significantly, the Group will make appropriate decisions in accordance with its financial risk management policies. The following sensitivity analysis is based on the interest rate exposures in existence at the reporting date.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre tax loss and equity would have been affected as follows:

	Pre tax result higher / (lower)		Equity higher / (lower)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Judgements of reasonably possible movements				
+ 1% (100 basis points)	(19)	(23)	-	-
- 1% (100 basis points)	19	23	-	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. The main trade receivable is Hindustan Copper Limited (HCL), a Government of India corporation (refer to Note 6). The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter-party default rates. The quality of the trade receivable with HCL is assessed as [ICRA] AA+ with a stable outlook based on ratings from ICRA Investor Services as at March 2015. [ICRA] AA is described as having a high degree of safety regarding the servicing of financial obligations, and very low credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS (continued)

Shriram EPC (SEPC) is a member of a large, Indian based financial services conglomerate, the Shriram Group. The Credit rating agency, Credit Analysis and Research Ltd (CARE), has rated SEPC as BBB- for long term bank facilities and A3 for short term bank facilities. CARE BBB credit ratings have moderate degree of safety regarding timely servicing of financial obligations with moderate credit risk. Management are seeking to minimise the exposure to SEPC's receivables.

Credit risk in receivables is managed in the following ways:

- payment terms are 30 days for receivables other than loans;
- a regular risk review takes place on all receivables and loan balances;
- security is sought for receivables where it is deemed appropriate; and
- a thorough, continuing assessment process takes place with all loan receivables.

Standard and Poor's most recent assessment of the National Australia Bank gave it a AA- long term issuer rating, and the Axis Bank as having BBB- with a stable outlook.

The Group's maximum potential exposure to any single credit risk at 30 June 2015 was \$2,047,000 (\$2,159,000 at 30 June 2014).

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available credit lines. The Group manages liquidity risk by monitoring forecast cash flows. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as of 30 June 2015. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015.

Maturity analysis of financial liabilities based on management's expectations

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

	< 6 months \$'000	6 - 12 months \$'000	1 - 5 Years \$'000	>5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
2015						
Financial liabilities						
Trade and other payables	(5,516)	-	-	-	(5,516)	(5,516)
Borrowings	(230)	(1,905)	-	-	(2,135)	(1,887)
Financial guarantee contracts (i)	(228)	(24)	(27)	-	(279)	-
	<u>(5,974)</u>	<u>(1,929)</u>	<u>(27)</u>	<u>-</u>	<u>(7,930)</u>	<u>(7,403)</u>
2014						
Financial liabilities						
Trade and other payables	(5,502)	-	-	-	(5,502)	(5,502)
Borrowings	(200)	(2,436)	-	-	(2,636)	(2,413)
Financial guarantee contracts (i)	(277)	-	-	-	(277)	-
	<u>(5,979)</u>	<u>(2,436)</u>	<u>-</u>	<u>-</u>	<u>(8,415)</u>	<u>(7,915)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS (continued)

(i) Details about the financial guarantee contracts are provided in notes 21 and 26(b). The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

(d) Price risk

The Group's exposure to commodity risk is minimal. Price risk of the copper commodity is of no effect as the pricing for the Surda contract is fixed with only production target uplifts to pricing. It is not affected by the ongoing commodity pricing of copper.

Equity securities price risk arises from investments in equity securities. The Group has exposure to only one equity security, being Pebble Creek Mining Ltd. (PEB). The Group owns 5,000,000 shares in PEB. Changes in the value of the shares and warrants are brought to account in profit or loss. Presently the Group is carrying no value for these shares.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group entity's functional currency.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. No foreign currency hedging transactions were entered into during the financial year or prior financial year.

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

At 30 June 2015 the carrying value of trade receivables, trade payables and current borrowings are assumed to approximate their fair value due to their short term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

24. CASH FLOW STATEMENT

	2015 \$'000	2014 \$'000
a) Reconciliation of cash		
Cash balances comprise:		
Cash at bank and on hand (Note 5)	410	152
Bank overdrafts (Note 14)	(1,887)	(1,688)
Balance per cash flow statement	(1,477)	(1,536)
b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(4,142)	(2,273)
Share based payments	298	4
Depreciation	1,733	520
Amortisation	-	267
Exploration and evaluation expedition written off	586	929
Gain on issue of shares	(203)	-
<i>Changes in operating assets and liabilities:</i>		
Decrease/(Increase) in trade and other receivables	128	431
Decrease/(Increase) in prepayments	(88)	(60)
Decrease/ (increase) in inventory	184	(152)
Increase/(Decrease) in trade and other payables	(56)	1,383
Net cash inflow/(outflow) from operating activities	(1,560)	1,049
Non cash investing and financing activities		
Share based payment	298	4

25. EXPENDITURE COMMITMENTS

(a) Operating leases (non-cancellable)

Minimum lease payments		
- not later than one year	48	48
- later than one year but not later than five years	27	76
	75	124

(b) Tenement expenditure proposed

Under the terms of mineral tenement applications, the present minimum annual expenditure expectations are highly subjective (2014: \$572,000 was estimated). This expenditure may be incurred by the Group or its joint venture partners and may be subject to variation from time to time in accordance with The Mineral Concession Rules 1960 of India and Mineral Conservation and Development Rules 1988 of India.

On 23 December 2014 administrative approval for the Mining Lease over the world class Aravalli lead-zinc project was granted. A Letter of Intent to issue the Mining Lease must now be obtained, and then the Mining Lease itself will be granted. The Mining Lease will not be granted until a detailed project report is completed that requires extensive drilling to be completed and incorporated into project planning. The required land acquisition activities must also be completed. It is estimated that as much as 2,000M INR (\$40M) is required to complete the tasks, and the authorities must be satisfied that sufficient funding exists to undertake construction activities so that project operations can proceed successfully.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

25. EXPENDITURE COMMITMENTS (continued)

Two applications for extensions to prospecting licenses for diamonds that have expired remain under process. If successful the joint venture partner will need to spend around 100M INR (\$2M) to keep these tenements in good standing.

The Group had a large number of tenement applications that were cancelled during the year.

(c) Surda Mine and Mosaboni Concentrator plant

On 26 March 2007, Hindustan Copper Limited (HCL) granted a contract to Swan and India Resources Limited as a Special Purpose Vehicle to:

- (i) re-commission and bring into operations the Surda Mine; and
- (ii) 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 the Company as a Special Purpose Vehicle in India. Under the deed of appointment the Company 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. HCL have acknowledged the appointment of the Company as Swan's special purpose vehicle and the Company, therefore, considers that Swan has observed the terms of the contract. The Company issued 375,000 shares to Swan as consideration under the Deed of Appointment.

The Directors of the Company are aware of an uncertainty regarding the continuity of the arrangement under the contract as a result of the appointment of administrators by Swan in 2008, as the terms of the initial agreement between HCL and Swan give HCL the right to terminate the licence in this event. However HCL did not exercise this right, indicating they recognised the fact that IRL was executing this work regardless of Swan's circumstances. On 2 March 2010 the Administrator of Swan announced that settlement of a Recapitalisation Deed had occurred on 26 February 2010, and that control and management of Swan had passed back to the Board of Directors. Therefore the event triggering any right HCL might have to terminate was no longer relevant. On 8 April 2010, Swan executed a Deed with the Company on Surda Working Arrangements, wherein they assigned their benefits, rights and interests under the Surda contract and work order to the Company. Until the present day, HCL have not proceeded to, nor have they indicated any intention to exercise any right they may have to terminate the contract. A significant length of time has now passed since Swan came out of administration, and the original contract period has now expired. HCL has now chosen to extend the contract period with Swan.

In June 2014 HCL extended the existing Surda operations contract until the later of March 2017 or the completion of the Surda Expansion Project. At that time the relationship with HCL was very positive, but the nine month mine closure severely strained this relationship at a time when it was very clear that IRL was having financial difficulties. Nonetheless HCL negotiated with IRL (Swan) to recommence mining after the mining lease was renewed, and the work order continued.

In April 2015 HCL amended their treatment of the tax they are deducting at source so that they began placing these taxes against IRL's account based on IRL's tax exemption rather than Swan's account.

Therefore while an uncertainty existed regarding the continuity of the arrangement under the work order as a result of the appointment of administrators by Swan, this does not appear to have any remaining relevance as Swan came out of administration in 2010, HCL never exercised, proceeded to or indicated their intention to exercise any right to terminate the contract, and HCL has subsequently offered an extension of the existing contract to Swan and supported the recommencement of work despite a strained relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

26. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 \$'000	2014 \$'000
Statement of Financial Position		
Current assets	188	85
Total assets	3,537	5,767
Current liabilities	942	1,716
Total liabilities	966	1,733
Shareholders' equity		
Issued capital	40,447	38,079
Share based payment reserve	935	1,213
Accumulated losses	(38,811)	(35,258)
Net assets	2,571	4,034
Loss for the year	(3,831)	(2,616)
Total comprehensive loss for the year	(3,831)	(2,616)

(b) Guarantees entered into by the parent entity

The parent entity has provided a guarantee for \$11,470 (2014: \$11,470) as security for the lease of business premises.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

The parent has provided a Corporate Guarantee to Shriram EPC Limited (SEPC) in respect of its subsidiary's (IRL Copper Mining Pvt Ltd (ICMPL)) work as sub-contractor at the Surda expansion project of up to 139.42 million INR (\$2.85M) (see Note 21).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2015, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2014 – Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

26. PARENT ENTITY FINANCIAL INFORMATION (continued)

(e) Investments in controlled entities:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2015	2014
			%	%
India Resources (Holdings) Pty Ltd	Australia	Ordinary	100	100
IRL Copper Mining Pvt Ltd	India	Ordinary	100	100
IRL Exploration India Pvt Ltd	India	Ordinary	100	100
Crown Mining Pvt Ltd	India	Ordinary	100	100
India Resources Mining Pvt Ltd	India	Ordinary	100	100
IRL Coal India Pvt Ltd	India	Ordinary	100	100
Surda Project Office (Refer Note 25(c))	India	n/a	100	100
Kohinoor Mining International Limited (a)	Mauritius	Ordinary	-	100
AMIL Mining India Pvt Ltd (b) (c)	India	Ordinary	100	100

The issued shares of these entities are held in trust for the Company and the Company is the sole beneficial owner of these entities. The Surda Project Office is a separate non-incorporated legal entity registered in India as the special purpose vehicle for the Surda project. It is project specific and can only operate the Surda project. A Project Office of a foreign company in India is considered a tax resident of India. It holds required registrations and approval with Indian banking and taxation authorities.

- (a) The Group completed wind up procedures for Kohinoor Mining International Limited during the 2015 financial year.
- (b) During the 2014 year Kohinoor Mining International Limited sold its interest in AMIL Mining India Pvt Ltd to 100% India Resources (Holdings) Pty Ltd.
- (c) AMIL Mining India Pvt Ltd has committed to issue shares to Vajra Diamond Mining Private Limited such that the Group's equity holding in this company will reduce to 80%.

DIRECTORS' DECLARATION

30 JUNE 2015

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 61 are in accordance with the *Corporations Act 2001*, including:
- i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- (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.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



A Misra
Managing Director

Perth, Western Australia
30 September 2015



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INDEPENDENT AUDITOR'S REPORT

To the members of India Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of India Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees



Opinion

In our opinion:

- (a) the financial report of India Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) in the financial report which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions 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.

Emphasis of matter

We draw attention to Note 25(c) and Note 2(c)(v) in the financial report which discusses the uncertainty around the consolidated entity's licence to operate the Surda mine in India. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 21 in the financial report which describes the uncertainty relating to a contingent liability in respect of corporate taxes in relation to the Indian mining operations. Our opinion is not modified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of India Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Dean Just

Director

Perth, 30 September 2015

CORPORATE GOVERNANCE STATEMENT

A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.indiaresources.com.au.

This Corporate Governance Statement is current as at 30 June 2015 and was approved by the Board on 30 September 2015.

BOARD OF DIRECTORS

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management. Day to day management of the Company's affairs and the implementation of corporate strategies are formally delegated by the Board to the Managing Director.

The Company has established functions reserved for the Board and those delegated to senior management, as set out in the Board charter. The charter states that the Board is responsible for:

- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- approving the annual strategic plan and monitoring the progress of both financial and non-financial performance;
- the corporate governance of the Company; and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The Board is responsible for the appointment and removal of the Company Secretary. The Board charter sets out that the company secretary is accountable to the Board on all matters relating to the proper functioning of the Board.

Board composition and independence

The Board charter states that the Board is to comprise an appropriate mix of both executive and non-executive directors and that the roles of Chairman and Managing Director are not to be combined.

The Company has a three member Board comprising one executive director and two non-executive directors, including the Chairman. Mr Misra is not independent by virtue of his executive role in the Company. Mr Simpson and Mr Humann are considered independent non-executive directors based on the principles set out below.

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. The Board does not believe that length of service is a potential indicator that independence may have been compromised. Materiality has been determined from both a quantitative and qualitative perspective. Financial materiality thresholds used in the assessment of independence are set at 10% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

The current composition of the Board is considered suitable for the Company's current size and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's business operations. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report.

Board skills matrix

The current mix of skills and experience on the Board is as follows:

Experience and skills	Number of directors
Mining operations	3
Mining engineering	1
Geological	-
Finance and accounting	1
Strategic planning and risk management	2
Governance and compliance	2
Business development	2
Geographical	
Australia	3
India	1

Each director and senior executive has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which will not be unreasonably withheld.

Performance assessment

The Board has adopted a formal process for an annual self-assessment of its collective performance, the performance of individual directors and of Board committees. The Board is required to meet annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties.

No formal assessment was undertaken during the year, however, the Chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

The performance of the Managing Director is reviewed annually by the remuneration committee, incorporating measurement against pre-determined key performance indicators. No formal process exists for the appraisal of other senior executives, as the size and management structure of the Company permits ongoing monitoring by the Managing Director and the remuneration committee of senior executive performance. No formal evaluation of senior executive performance was therefore undertaken during the year.

BOARD COMMITTEES

The Board has established separate audit and remuneration committees. Matters determined by the committees are submitted to the full Board as recommendations for Board consideration.

Audit committee

Membership of the audit committee comprises two non-executive directors, Mr Humann (chairman) and Mr Simpson. Details of the qualifications of committee members and attendance at audit committee meetings are set out in the Directors' Report.

The audit committee operates in accordance with a formal written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the external auditor;

- determination of the independence and effectiveness of the external auditor;
- assessment of whether non-audit services have the potential to impair the independence of the external auditor;
- and reviewing the adequacy of the reporting and accounting controls of the Company.

The Managing Director and Chief Financial Officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

The external auditors provide an annual declaration of their independence to the Board. The current audit engagement partner has conducted the audit since 2011 with rotation due no later than five years from that date.

The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Operational, financial, legal, compliance and strategic risks are managed as part of the day-to-day management of the Company's affairs with the support of relevant external professional advisers as required.

Remuneration committee

Membership of the remuneration committee comprises two non-executive directors, Mr Simpson (chairman) and Mr Humann. Details of the qualifications of committee members and attendance at remuneration committee meetings are set out in the Directors' Report.

The remuneration committee operates in accordance with a formal written charter. The committee reviews all remuneration policies and practices for the Company generally, including overall strategies in relation to executive remuneration policies and compensation arrangements for the Managing Director and senior executives, as well as all equity based remuneration plans.

The Company's remuneration policies are designed to align the interests of executive directors and management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The structure for the remuneration of non-executive directors and senior executives is separate and distinct.

Details of the Company's remuneration policies are set out in the Remuneration Report section of the Directors' Report.

Board nomination procedures

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a selection process to identify candidates who can meet those criteria. The Board will give consideration at an appropriate time in the Company's development to the creation of a separate nomination committee.

Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries will be made as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

New directors will be provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

RISK MANAGEMENT

No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for internal control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal control framework. The Board works closely with management to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.

The Company's risk management systems are continuing to be developed and it is recognised that the extent of the systems will evolve with the growth and complexity of the Company's activities. A formal risk management system has been established to assist in monitoring and managing business risks appropriate to the size and level of activities of the Company. The purpose of the system is to assist in the management of the Company's material business risks and to enable reporting to the Board on whether those risks are being managed effectively.

The Managing Director reports to the Board on a regular basis on the material business risks of the Company. No formal report was provided to the Board during the year on whether those risks are being managed effectively.

The Company undertakes mining operations and mineral exploration activities and recognises that there are inherent risks in conducting its business operations. Material risks associated with economic, environmental and social sustainability include operational risks, occupational, health and safety, community and environmental risks, mineral resource estimates, metal prices and exchange rate fluctuations, financing and working capital requirements, sovereign and political risks, compliance and regulatory risks. Some of these risks are beyond the Company's direct control and require risk mitigation strategies whilst other risks are directly within the control of the Company and are managed through operational and management procedures.

The systems and processes implemented to manage material risks include monthly operations and financial reporting; regular reports to the Board by management and/or independent advisers outlining the nature of particular risks and related risk mitigation measures; clearly defined management responsibilities and organisational structure; delegated limits of authority; treasury and accounting controls and reconciliations; comprehensive management reporting systems; budgeting and strategic planning processes; segregation of duties; appropriate policies and procedures that are widely disseminated to employees; and specific occupational, health and safety policies and procedures.

CODE OF CONDUCT

A formal code of conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company's share trading policy prohibits the purchase or disposal of securities by directors, senior executives and other designated persons in the period of two weeks immediately preceding the release of

quarterly reports and four weeks immediately preceding the release of the Company's annual and half-year financial results. Any proposed transactions to be undertaken must be notified to the Chairman or Managing Director in advance.

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested securities issued or acquired under the scheme.

EMPLOYMENT DIVERSITY

The Board has adopted a formal diversity policy which is designed to encourage diversity in employment and in the composition of the Board, as a means of enhancing the Company's performance and organisational capabilities.

The Company recognises that the mining and exploration industry is historically male dominated in many operational sectors and the pool of women with appropriate skills may be limited in some instances. The Company also recognises the need to tailor differing diversity and cultural issues within each geographic location in which it operates.

Measurable diversity objectives have not yet been established as the Board is continuing to assess the merits of setting achievable targets. However, the Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. The appropriate mix of skills and diversity for membership of the Board is considered as part of ongoing nomination and succession planning and which recognises the value of balanced gender representation.

At 30 June 2015, women comprised 2% of total group employees; 13% in senior management positions and there were no women appointed to the Board. Senior management is defined as a professional or manager reporting directly to the Managing Director or Operations Manager.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. Material information is released to the ASX and posted on the Company's web-site immediately after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's web-site.

The Board has adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The Company and the share registry offer mechanisms for electronic communication by shareholders, including an e-mail alert facility available through the Company's web-site. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

All shareholders are entitled to elect to receive a printed copy of the Company's annual report. In addition, all market announcements, media briefings, details of shareholders' meetings, press releases and financial reports are made available on the Company's web-site.

SHAREHOLDER INFORMATION

The following information was reflected in the records of the Company as at 28 September 2015.

Distribution of share and option holders

	Number of holders	
	Fully paid shares	Unlisted options
1 - 1,000	66	-
1,001 - 5,000	199	-
5,001 - 10,000	160	-
10,001 - 100,000	706	-
100,001 and over	399	3
	<u>1,530</u>	<u>3</u>
Including holdings of less than a marketable parcel	1,201	

Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares	%
Resource Capital Fund VI L.P.	200,000,000	19.99
Alexandra Resources Pty Ltd	104,822,662	10.48
Noble Resources International Australia Pty Ltd	72,800,000	7.28

Twenty largest holders of fully paid shares

Shareholder	Shares	%
1. Merrill Lynch (Australia) Nominees Pty Ltd	200,010,000	19.99
2. Alexandra Resources Pty Ltd	104,822,662	10.48
3. National Nominees Limited	90,000,000	8.99
4. Aranak Pty Ltd	36,127,773	3.61
5. Chimaera Capital Limited	32,479,014	3.25
6. Bruce Alexander Davies	25,050,000	2.50
7. Glenn Stedman and Nutcharat Stedman	20,000,000	2.00
8. Southern Silicon Pty Ltd	19,562,500	1.96
9. David Humann and Anne Humann	18,000,000	1.80
10. Patricia Margaret Sproule	17,760,933	1.78
11. Steven Paul Swallow	12,750,000	1.27
12. Sakdirat Kaewunruen	12,067,142	1.20
13. Sydney Equities Pty Ltd	11,450,000	1.14
14. Blossum Holdings Pty Ltd	10,000,000	1.00
15. Marion Lutine Huett	10,000,000	1.00
16. Myall Resources Pty Ltd	10,000,000	1.00
17. Rogelio Vera and Kerry Beggs	9,000,000	0.90
18. Myall Resources Pty Ltd	8,500,000	0.85
19. Depofo Pty Ltd	8,000,000	0.80
20. Joshua Damian Lobo	8,000,000	0.80
	<u>663,580,024</u>	<u>66.32</u>

Unquoted securities

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security		
		Name of holder	Number	%
Options over fully paid shares exercisable:				
- at 6 cents each on or before 30.11.15	2,000,000	Ravi Shastri	2,000,000	100.00
- at 10 cents each on or before 30.11.17	2,000,000	Ravi Shastri	2,000,000	100.00
- at 0.25 cents each on or before 31.12.17	6,000,000	Aranak Pty Ltd	6,000,000	100.00

TENEMENT DIRECTORY

Changes to tenement directory

As previously reported, significant changes have occurred in the mineral license application process as a result of the Central Government of India's 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). This has affected IRL's tenement directory, 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, or 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. Two classes of mineralisation have been laid down by the Bill:

- 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.
- Secondly for other 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.

The Tenement Directory has been updated to reflect the new Ordinance Bill. 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.

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



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