



# India Resources Limited

## QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2015

---

Level 1  
18 Kings Park Road,  
West Perth  
Western Australia  
6005

Tel +61 8 9327 7400  
Fax +61 8 9327 7499  
ABN 77 121 339 704

India Resources Limited ("India Resources", "IRL" or "the Company") is pleased to present this quarterly activities report.

Arvind Misra  
Managing Director

### HIGHLIGHTS

#### ***Surda Mine – Copper***

- Copper ore processed for the December 2015 quarter was 87,773 tonnes at 0.85% Cu to produce copper metal in concentrate (MIC) of 725 tonnes (equivalent mined).
- Both tonnes processed and MIC tonnes produced were slightly above the previous quarter, however, the grade was adversely affected by mining in several unscheduled areas as a result of a back log in civil works, which have since all been rectified.
- Two new loaders have been fully commissioned in Blocks 19 and 30.
- Blocks 28 and 29 are being fast tracked into production to replace Block 32 Shaft 4.

#### ***Project Development***

- The Surda Mine Expansion and Development project (SEPC project) resumed in late October 2015. All development advances totalled 65.2 metres for the December 2015 quarter.
- Shaft 5 sinking is expected to commence next quarter after installation of related infra-structure.
- Shaft 3's 25 South Winze was refurbished from Level 11 to 12 and horizontal development commenced.

#### ***Aravalli Project***

- Hindustan Zinc Limited (HZL) filed a Revision Application with the Ministry of Mines seeking a Stay Order against the Government of Rajasthan's decision to reject their applications and administratively approve the Aravalli Project to Crown Mining Pvt Ltd (CMPL). No relief has been granted to HZL and a further hearing date is expected.

#### ***Corporate***

- Swan Gold Mining Limited (Swan) obtained a successful outcome in its appeal against the Indian Income Tax Office's (ITO) assessment of a 345M INR (\$7.2M) tax liability in relation to the 2011/12 financial year, and a tribunal completed its hearing of Swan's appeal against the assessment of 441M INR (\$9.2M) in the 2010/11 year. A decision on 2010/11 is expected shortly. IRL has been working tirelessly on this matter as it has indemnified Swan against all liabilities arising in regards to the Surda Project.
- Discussions with potential investors were substantially boosted following the successful appeal against the ITO assessment. Potential investors are reviewing the Aravalli and Rakha Projects, and the Axis Bank is assessing the Rakha and Surda Expansion Projects. It also provided an additional 10M INR (\$0.21M) for the Surda operations during the quarter.

## OPERATIONS REPORT

### **Surda Project**

Mining activities produced 725 tonnes of copper metal in concentrate (equivalent mined) in the December 2015 quarter. Two new loaders are now working in Blocks 19 and 30. The loaders have replaced four old loaders in these blocks and are producing benefits already with production increasing and becoming more consistent.



*Shaft 3 Sub-Incline, Level 5: The new loader being lowered into Block 19*

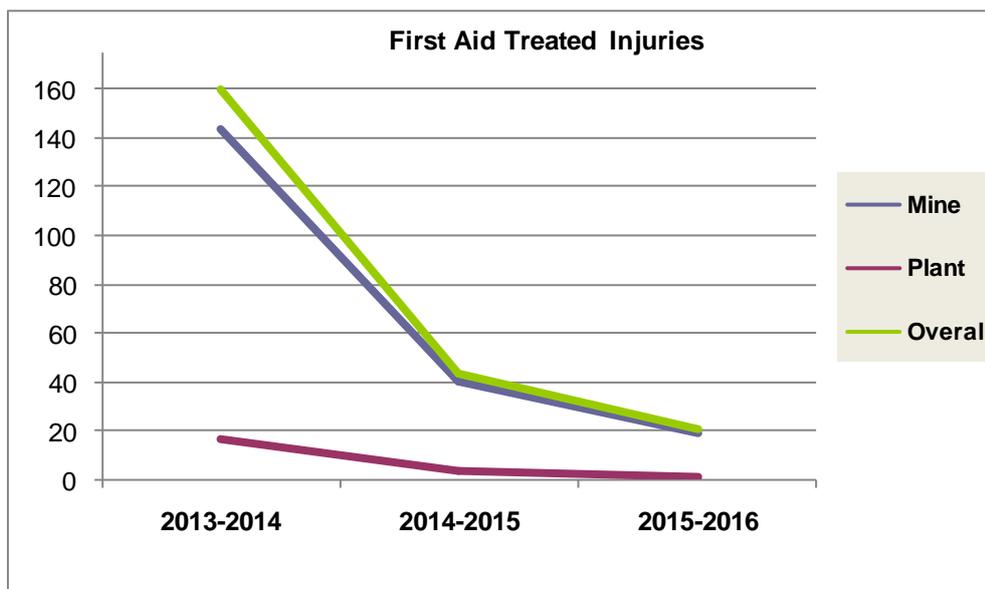
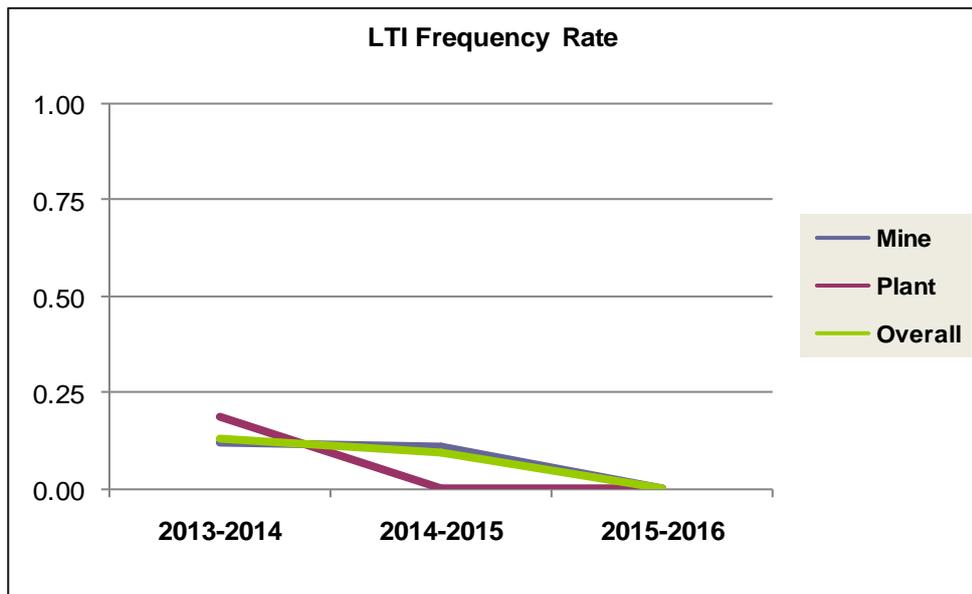


*Block 19: The new loader receiving its daily check*

### **Safety**

During the December 2015 quarter the Surda mine incurred one Lost Time Injury (LTI) whereas the Mosaboni Concentrator Plant had none. The LTI involved an employee suffering an injury to his leg. Two injuries requiring Medical Treatment (MTI) occurred at the Surda Mine and one at the Plant. LTI and MTI rates for the Surda operations are shown below.

<b>Type of Injury</b>	<b>Mine</b>	<b>Plant</b>
Lost Time Injury (LTI)	1	0
Medical Treatment Injury (MTI)	2	1
First Aid Treatments	33	1



### Production

Production in the December 2015 quarter is listed in the table below:

Quarterly Production	30 Sept 2015	31 Dec 2015
Ore Mined (Tonnes)	82,837	88,693
Ore Processed (Tonnes)	84,263	87,773
Mill Feed Grade (Cu)	0.93%	0.85%
Concentrate Produced (Tonnes)	3,239.	2,698
Concentrate Grade (Cu)	25.91%	24.94%
Recovery	93.42%	92.87%
Metal in Concentrate (Tonnes) – Equivalent Mined	712	725
Metal in Concentrate (Tonnes) - Dispatched	762	673

Marginally more ore tonnes were mined and processed to produce a small increase of MIC tonnes (equivalent mined) compared to the September 2015 quarter. However, the grade was less and adversely affected by mining in unscheduled areas because of the back log in civil works. These issues have now all been overcome and production and grades have recovered in January 2016 and are expected to remain so for the March 2016 quarter. Production initiatives are as follows:

- New loaders have given increased and consistent production in Blocks 19 and 30.
- Civil works crews have been increased to meet the work load.
- Mining areas are now available to meet production requirements following the completion of civil works.
- Back filling of workings increased substantially and the water balance is being carefully managed.
- Permission to mine the north and south ends of the high grade block 180 at level 11 have finally been granted by the Indian authorities and will give substantial opportunities to improve copper grades and MIC production in the March 2016 quarter.

### ***Surda Expansion Project***

The Surda Expansion contract recommenced in late October 2015 and has achieved 62.5 metres of horizontal driving and cross-cutting for the December 2015 quarter. Highlights are as follows:

- Finalising waste dumping point inside old working for waste dumping during development.
- 340 south rise from Level 11, Shaft 3 was completed.
- Footwall drive Level 11 was cross-cut and produced good ore exposures.
- The 25 Winze near Shaft 3 was refurbished from Level 11 to 12 and horizontal development was commenced at Level 12.

Next quarter:

- High speed shaft sinking is planned to start in February 2016 at the Surda Shaft 5. Once in full advance rates of 30 to 50m/month are expected.
- Drive development south at Level 12, shaft 3.
- Drive and raising at Level 10, Shaft 4.
- Rise development Shaft 3, Level 11.
- A proposal is being compiled to carry out the geological exploration consisting of mapping, channel sampling and diamond drilling for the expansion project.



*Shaft 5: Shaft sinking at Surda surrounded by the newly installed buildings*



*Shaft 5: Temporary head frame for Shaft sinking with the shaft collar under construction.*

## **BUSINESS DEVELOPMENT**

### ***Rakha development project***

The consortium of IRL and Kopex Shaft Sinking Company (Kopex PBSz) continues to wait for HCL to obtain the forest clearances and resolve an overlapping lease boundary with a uranium mine for this project prior to signing the contract and commencing this work. IRL has been reviewing its modelling for this project as it explores financing options with the Axis Bank and potential investors.

## EXPLORATION ACTIVITIES

### **Aravalli (Base Metals)**

Crown Mining Private Limited (CMPL), IRL's wholly owned subsidiary is continually preparing documents and carrying out functions required for its Aravalli Lead-Zinc Project, Rajasthan India. CMPL is in the process of obtaining a Mining Licence (ML87/2008) over the lead-zinc mineralisation comprising an area of 17.29 sq kms.

The Company continues to seek investors for the Aravalli Project (see the Finance section) and has defended a revision order filed by Hindustan Zinc Limited (HZL) to protect its administrative approval of the Aravalli Project (see the Legal section).

The Government of Rajasthan's memorandum of understanding remains pending as the parties await outcomes from Aravalli's funding and legal issues.

## FINANCE

- Cash flow limitations have increased due to HCL discontinuing weekly production payments and lower production from the Surda mine. The payment of critical creditors and statutory liabilities, and restricting costs below budget, has mitigated these limitations.
- The Axis Bank continues to support the Company by providing access to an additional 10M INR (\$0.21M) for the Surda operations. The bank has also positively received IRL's submissions to obtain funding for the Surda Expansion and Rakha Projects. Discussions are continuing.
- Discussions with potential investors for both the Aravalli and the Rakha Projects received a substantial boost from the successful appeal against the Indian Income Tax Office in the Swan tax matter. Discussions are continuing.

## STATUS OF LEGAL AND ARBITRATION CASES

- Swan obtained a successful outcome in its appeal against the Indian Income Tax Office's (ITO) assessment of a 345M INR (\$7.2M) tax liability in relation to the 2011/12 financial year, and a tribunal completed its hearing of Swan's appeal against the assessment of 441M INR (\$9.2M) in the 2010/11 year. A decision is expected shortly. IRL has been working tirelessly on this matter as it has indemnified Swan against all liabilities arising in regards to the Surda Project. IRL is progressing a multi-pronged strategy to achieve the release of several years of Tax Deducted at Source funds that were withheld as a results of this issue.
- Hindustan Zinc Limited (HZL) filed Revision Applications with the Ministry of Mines (MoM) against the Government of Rajasthan's (GOR) decision in December 2014 to reject HZL's applications, and also sought a Stay Order against the GOR's decision to grant administrative approval of the Aravalli Project to CMPL. The MoM heard the matter at length and sought a written submission from CMPL (subsequently provided). HZL provided no new facts to the MoM that had not been considered by the GOR. A further hearing date is expected, and no stay order has been granted by the MoM.
- IRL has now resolved the key issues arising from the suspension of mining operations at the Surda mine that were pending in the courts of Jharkhand against the Company and its senior officers.

## CORPORATE ACTIVITIES

- HCL has formed a new Claims Committee to consider IRL's various outstanding claims. The committee has a broadened scope to include several IRL claims that have been held in abeyance while the parties focussed on the Arbitration Award, work stoppage, plant closure and environmental production limit issues. Accordingly all claims can now mature towards either resolution, arbitration or award execution as appropriate.

- IRL continued to lobby with the Ministry of Mines to retain favourable support for its Aravalli lead-zinc project in Rajasthan and to resolve its claims against HCL.

**Arvind Misra**  
Managing Director

### **Competent person's statement**

*The information in this report that relates to exploration targets or exploration results is based on information compiled by Andrew Kohler, a Competent Person, who is a member of the Australian Institute of Mining and Metallurgy (Ausimm). Mr Kohler is a geological consultant to the Company. Mr Kohler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code 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.*

<b>Contact details for India Resources Limited</b>	
Postal address:	PO Box 869, West Perth, Western Australia 6872
Telephone:	(+61 8) 9327 7444
Facsimile:	(+61 8) 9327 7499
E-mail:	admin@indiaresources.com.au
Web-site:	www.indiaresources.com.au

### **TENEMENT DIRECTORY**

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

No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10

Name of entity

**India Resources Limited**

ABN

**77 121 339 704**

Quarter ended ("current quarter")

**31 December 2015**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	2,434	5,201
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	-	-
(c) production	(2,214)	(4,950)
(d) administration – Perth Office	(125)	(314)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(59)	(130)
1.6 Income taxes paid	-	-
1.7 Other	-	15
<b>Net operating cash flows</b>	<b>36</b>	<b>(178)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(63)	(112)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(63)</b>	<b>(112)</b>
1.13 Total operating and investing cash flows (carried forward)	(27)	(290)

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(27)	(290)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(1)
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	-	(1)
	<b>Net increase (decrease) in cash held</b>	(27)	(291)
1.20	Cash at beginning of quarter/year to date	(1,851)	(1,477)
1.21	Exchange rate adjustments to item 1.20	116	6
1.22	<b>Cash at end of quarter</b> <sup>1</sup>	(1,762)	(1,762)

<sup>1</sup> Cash at the end of the quarter includes the drawn down portion of a working capital overdraft facility of \$2,071,000 which is used specifically for the day to day operations at the Surda copper mine. Refer items 3.1 and 5.3.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	155
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments net of GST to directors and other related parties, and the associates of these related parties, which includes director and key management personnel salaries, directors' fees, superannuation contributions, the provision of management services to the company, and any payments for services with associated entities.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Not applicable.

### Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities: (a) Indian working capital overdraft facility <sup>1</sup> (b) Other loan agreements	2,061 -	2,071 -
3.2 Credit standby arrangements	-	-

<sup>1</sup> Drawing facility based on levels of, and secured against, trade receivables and inventories at Surda mine. Available drawdown level as at 31 December 2015 was A\$2.061 million (100.0M INR). This limit includes a temporary overdraft facility of 10.0M INR (A\$0.206M).

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	2,500
4.4 Administration	250
<b>Total</b>	<b>2,750</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	230	76
5.2 Deposits at call	-	-
5.3 Bank overdraft	(2,071)	(2,007)
5.4 Other: term deposits used as guarantees	79	80
<b>Total: cash at end of quarter (item 1.22)</b>	<b>(1,762)</b>	<b>(1,851)</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b> Fully paid shares	1,000,590,776	1,000,590,776		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> Unsecured convertible notes				
7.6 Changes during quarter (a) Increases through issues: (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> Options over fully paid shares	2,000,000 6,000,000	- -	10 cents 0.25 cents	30.11.17 31.12.17
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	2,000,000	-	6 cents	30.11.15
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Frank Campagna*  
(~~Director~~/Company Secretary)

Date: 29 January 2016

Print name: FRANK CAMPAGNA

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards: ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==