



India Resources Limited

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 September 2016

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 September 2016 quarter was 82,734 tonnes at 0.81% Cu to produce copper metal in concentrate (MIC) of 607 tonnes (equivalent mined).

Project Development

- The Surda Mine Expansion and Development project (SEPC project) achieved 131.6 metres advance in raises, drives and cross-cuts for the quarter. In the June 2016 quarter, the SEPC project achieved 83.5 metres.
- The achievement at the shaft sinking site was 4.4m of sinking and 3.6m of lining for the September 2016 quarter, compared to 4.9m and 7.1m respectively in the previous quarter.

Aravalli Project

- Crown Mining Private Limited (CMPL), a wholly owned subsidiary of IRL, has submitted a reply to the Government of Rajasthan (GOR) mining office at Rajsamand, seeking a new order to submit the application fee for the agreed area of 17.3km² not the original 24.4km² area.
- CMPL is contesting in the tribunal court, Revision Authority, Ministry of Mines, New Delhi. Hindustan Zinc (HZL) has filed a revision petition in this court. CMPL has submitted its reply and is awaiting a response from the GOR. The Revision Authority has instructed the GOR to maintain the status quo until the matter is heard by the Revision Authority.

Corporate

- After successful appeals on behalf of Swan Gold Limited (Now Eastern Goldfields) with the Indian Income Tax Office (ITO) for the 2010/11, 2011/12 and 2012/13 financial years, IRL is working to recover nearly 20M INR (\$0.4M) in withheld payments from the ITO.
- The Company is working towards raising additional equity capital and is in advanced negotiations with investors.
- IRL has approached the Indian Mining Secretary to assist in the settlement of claims against HCL without prejudice.

OPERATIONS REPORT

Surda Project

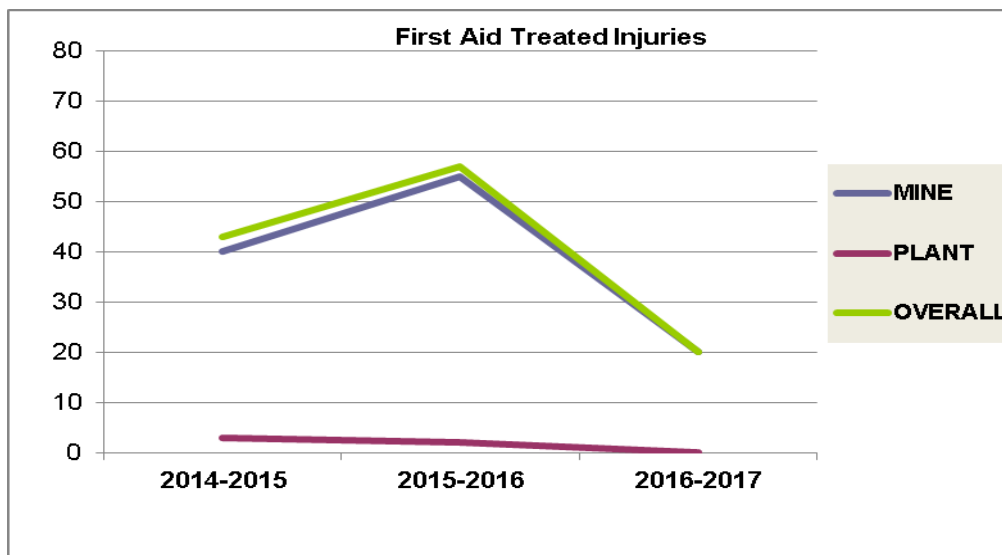
Mining activities produced 607 tonnes of copper metal in concentrate (equivalent mined) for the September 2016 quarter.

Safety

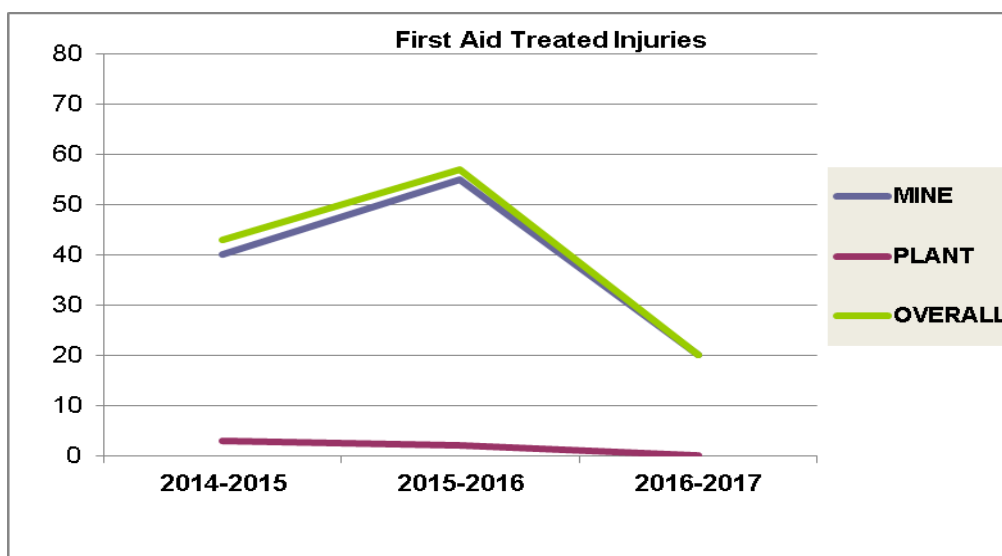
During the September 2016 quarter, no Lost Time Injury (LTI) were recorded at the Surda Mine or the Concentrator Plant. Injuries requiring Medical Treatment (MTI) were two at the Surda Mine and one at the Concentrator Plant. First aid treatment for the Surda Mine and Concentrator Plant are shown below starting from 2013 statistics.

September 2016 quarter

| Type of injury | Mine | Plant |
|--------------------------------|------|-------|
| Lost Time Injury (LTI) | - | - |
| Medical Treatment Injury (MTI) | 2 | 1 |
| First Aid Treatments | 20 | - |



Graph Showing Lost Time Injuries Frequency rate at Surda Mine



Graph Showing First Aid Injuries at Surda Mine

Production

The Surda Copper Mine produced 607 tonnes of copper metal-in-concentrate (MIC) during the September 2016 quarter.

| Quarterly production | 30 Sept 2016 | 30 June 2016 |
|--|--------------|--------------|
| Ore Mined (Tonnes) | 82,667 | 76,846 |
| Ore Processed (Tonnes) | 82,734 | 77,128 |
| Mill Feed Grade (Cu) | 0.81% | 0.84% |
| Concentrate Produced (Tonnes) | 2,348 | 2,310 |
| Concentrate Grade (Cu) | 26.21% | 25.51% |
| Recovery | 92.35% | 92.81% |
| Metal in Concentrate (Tonnes) - Equivalent Mined | 607 | 590 |
| Metal in Concentrate (Tonnes) – Dispatched | 608 | 601 |

Surda Expansion Project

The Surda Expansion Project achieved 131.6 metres of advance in the September 2016 quarter compared to 83.5 metres of horizontal driving and cross-cutting for the previous quarter. Highlights were as follows:

- The level 10 sump is being relocated as it lies above the southern end of the 180 Block.
- Level 12, Shaft 3 achieved three faces of development, driving north and south and cross cutting.
- Level 10, shaft 4 driving northward and cross-cut presented another raise position to develop.
- At the shaft sinking site, the work of sinking beyond 60m was resumed after obtaining a letter of exemption for the use of detaching hook from the Directorate General of Mines Safety (DGMS). The sinking will be further improved after the commissioning of grab mucking and mechanised drilling.

Planning for the next quarter includes:

- Opening up of 13th level faces after dewatering of 25 S winze at shaft 3.
- Opening up of 11th level faces after dewatering of 1200 S winze at shaft 4.
- Commissioning of grab mucking and mechanised drilling at the shaft sinking site.

EXPLORATION ACTIVITIES

Aravalli (Base Metals)

The GOR has advised CMPL, a wholly owned subsidiary of IRL, to deposit an approximate \$200,000 application fee for the mining lease (ML) application. The application fee is applicable to the originally applied area of approximately 25km². CMPL has requested GOR to revise the application fee to match revised application area of 17.3 km². Further to this, the Directorate of Mines and Geology (DMG) issued a notice mentioning various grounds of rejection of the ML in which demand of the licence fee is a ground. CMPL has replied and committed that CMPL and the IRL Board is ready to proceed with matter and ready to deposit the fee earlier of the disposal of revision matter by the Ministry Of Mines, New Delhi or 30 November 2016, pursuant to discussions with the Mining Secretary, Ministry of Mines and Petroleum (Govt. of Rajasthan).

CMPL is contesting a revision petition filed by HZL with the Ministry of Mines. The Revision Authority is considering the motion and receiving submissions from parties. The State Government has not filed any reply to date and matter is still pending.

Bhandara and Dharwar (Diamonds)

Letters were submitted to the Directors of Mines in Odisha and Andhra Pradesh for grants of outstanding prospecting licenses, PL's 410 and 306 and 309.

FINANCE

- Copper production at the Surda mine for the month was below forecast, however the mine is gradually ramping up to normal rates of production.
- The support of the group's workforce and creditors is being managed and maintained. Cash flow limitations and significant levels of liability require continued goodwill from all stakeholders to sustain the business.
- As per the agreement with HCL, the Company agreed to a deduction of 5% from running bills until September 2016, then 10% from October 2016 and November 2016, and then the balance of its dues over the next three months in equal amounts. Subsequent to the arrangement made with HCL, HCL has underpaid by \$0.5 million. The Company is pursuing HCL to pay this amount. HCL has cited weakness in commodity prices as the reason for delay in the payment.
- HCL had also agreed to take IRL's claims to the Independent External Monitor, a vigilance mechanism, to assess and clear claims. This report was to be delivered in July 2016 but timing on any action, if any, remains uncertain.
- The group has gone into a payment plan with significant creditors in India. Management is working towards the raising of additional capital.
- The Surda Expansion shaft sinking site achieved clearances in August 2016, which will allow costs to reduce and shaft sinking revenue to commence. The Surda Expansion had a positive EBITDA in the month of August 2016 contributing to positive EBITDA for the group.
- The Axis Bank continues to provide temporary overdrafts of 10M INR (\$0.20M). Discussions continue to replace the temporary overdraft facility with an overdraft for the Surda Expansion Project.
- Discussions continued with potential investors in India, Australia, the United States and the United Kingdom for funding for the Aravalli project.
- Procedures have commenced with the Tax Department in India, to receive the tax refund for the 2012/13 financial year.

LEGAL AND ARBITRATION CASES

The Company secured a Kolkata High Court order against HCL restraining them from arbitrary deductions of the billed amount. This was later negotiated with HCL and proceedings were withdrawn.

CORPORATE ACTIVITIES

After the successful appeal for Swan Gold Limited (Now Eastern Goldfields) with the Indian Income Tax Office (ITO) for the 2010/11, 2011/12 and 2012/13 financial years, IRL is working to recover nearly 20M INR (\$0.4M) in withheld payments.

The insolvency firm Pitcher Partners were engaged to analyse the financial position of the Company. In their financial review Pitcher Partners noted the financial pressure the Company is facing is primarily caused by the various work stoppages at the Surda Mine and disputes with HCL. Pitcher Partners recommended that the Company monitor payment terms agreed with its creditors to ensure that it's able to meet its debts which are due and payable, and that it closely monitor its position over the next two months. In the event that operations are hindered or the Company's creditors are unwilling to agree to further extended payment terms, the Company will need to consider other options.

IRL has approached the Mining Secretary to assist in the settlement of claims with HCL without prejudice. It was proposed that out of the total claim of 765M INR (approx. A\$15M) calculated by IRL, IRL proposed to settle for 272M INR (A\$5M). HCL had already paid 134M INR (A\$2.7M). An immediate payment of 138M INR (A\$2.7M) will therefore close the issue. 138M INR (A\$2.7M) represents arbitrated, agreed and admitted amounts. For the remaining 493M INR (A\$10M), IRL has offered to settle by agreeing an equivalent extended contract duration in accordance with the work order clause 4.10.1, or a resolution through fast track arbitration in accordance with the contract.

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.

Contact details for India Resources Limited

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

| Projects - India | Tenement number | Beneficial interest |
|--|---|---|
| Surda Project Jharkhand State | Surda Mining Lease (Hindustan Copper Limited) Surda Underground development contract (Shriram EPC) | Right to mine (100%) Right to develop (100%) |
| Rakha Project Jharkhand State | 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 Andhra 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% |

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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

India Resources Limited

ABN

77 121 339 704

Quarter ended ("current quarter")

30 September 2016

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|--|--|
| 1. Cash flows from operating activities | | | |
| 1.1 Receipts from customers | | 2,029 | 2,029 |
| 1.2 Payments for | | | |
| (a) exploration and evaluation | | - | - |
| (b) development | | - | - |
| (c) production | | (2,115) | (2,115) |
| (d) staff costs - Perth Office | | (24) | (24) |
| (e) administration and corporate costs - Perth Office | | (70) | (70) |
| 1.3 Dividends received (see note 3) | | - | - |
| 1.4 Interest received | | 9 | 9 |
| 1.5 Interest and other costs of finance paid | | (72) | (72) |
| 1.6 Income taxes paid | | - | - |
| 1.7 Research and development refunds | | - | - |
| 1.8 Other (provide details if material) | | - | - |
| 1.9 Net cash from/(used in) operating activities | | (243) | (243) |
| 2. Cash flows from investing activities | | | |
| 2.1 Payments to acquire: | | | |
| (a) property, plant and equipment | | - | - |
| (b) tenements (see item 10) | | - | - |
| (c) investments | | - | - |
| (d) other non-current assets | | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments - security deposit | 6 | 6 |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from/(used in) investing activities | 6 | 6 |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from/(used in) financing activities | - | - |

| | | | |
|------------|--|----------------|----------------|
| 4. | Net increase/(decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | (1,936) | (1,936) |
| 4.2 | Net cash from/(used in) operating activities (item 1.9 above) | (243) | (243) |
| 4.3 | Net cash from/(used in) investing activities (item 2.6 above) | 6 | 6 |
| 4.4 | Net cash from/(used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | 39 | 39 |
| 4.6 | Cash and cash equivalents at end of period ¹ | (2,134) | (2,134) |

¹ Cash at the end of the quarter includes the drawn down portion of a working capital overdraft facility of \$1,998,000 which is used specifically for the day to day operations at the Surda copper mine. Refer items 5.3 and 8.1.

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | (172) | 68 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | (1,998) | (2,025) |
| 5.4 Other: term deposits used as guarantees | 36 | 21 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | (2,134) | (1,936) |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
| 37 |
| - |

Payments to directors and other 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.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

8. Financing facilities available

Add notes as necessary for an understanding of the position

| | | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|--|---|--|
| 8.1 | Loan facilities-Indian working capital overdraft facility ¹ | 1,967 | 1,998 |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

¹ Drawing facility based on levels of, and secured against, trade receivables and inventories at the Surda mine. Available drawdown level as at 30 September 2016 was A\$1.967 million (100.0M INR). This limit includes a temporary overdraft facility of 10.0M INR (\$0.197M).

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | - |
| 9.2 Development | - |
| 9.3 Production | 2,200 |
| 9.4 Staff costs | 24 |
| 9.5 Administration and corporate costs | 200 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 2,424 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: *Frank Campagna*
(Director/Company secretary)

Date: 31 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.