

31 October 2016

Report for the Quarter ended 30 September 2016

Highlights

Kishugu and Naujombo Gold Prospects

- Post Quarter end, gold assay results received from RAB drilling confirmed gold anomalism over 9.5km of strike at Naujombo and 5.5km at Kishugu.
- Completion of Rotary Air Blast ('**RAB**') drilling program at Naujombo and Kishugu, comprising 136 holes for 3,398m.
- Assay results returned for surface soil samples from Naujombo:
 - Confirmed an extensive, coherent gold anomaly measuring 9.5km by 600m; and
 - Showed surface soil values up to 811ppb Au (0.8g/t) within the main trend, supported by coherent multi-element anomalies (arsenic, silver, bismuth).
- IP (gradient array induced polarisation) programs commenced at Naujombo, initial results showed a strong positive correlation with gold-in-soils assays.

Corporate

- Cash at 30 September 2016 of \$1.6 million.
- Completion of \$1.4 million capital raising at market price of 12.0 cents per share, comprised of:
 - A placement to professional and sophisticated investors that raised \$0.94 million before costs; and
 - An oversubscribed share purchase plan that raised \$0.5 million.

EXPLORATION and DEVELOPMENT

RAB drilling program completed at Naujombo and Kishugu

During the Quarter, the Company completed a RAB drilling program comprising 136 holes for 3,398m, of which approximately 1,200m was carried out at Kishugu and the balance at Naujombo.

The RAB programs leveraged off the soil sampling and IP programs carried out in the first half of the Quarter. The soil and IP programs had strongly indicated that the interpreted surface gold anomalies were significant exploration targets.

Key objectives of the drilling program were to identify gold mineralisation in the bedrock and understand the subsurface geology that is potentially hosting the mineralization.

The drilling program established that gold was present in the bedrock, with each line of drilling over a strike of 9.5 kilometres (Figure 1) and 5.5 kilometres (Figure 2: Kishugu gold anomalism and drill collar locations) for Naujombo and Kishugu respectively, having intersected zones of anomalous gold within the bedrock. The results indicate that Naujombo and Kishugu are very large gold systems which have the capacity to host significant mineralisation (ASX announcement 12 October 2016).¹

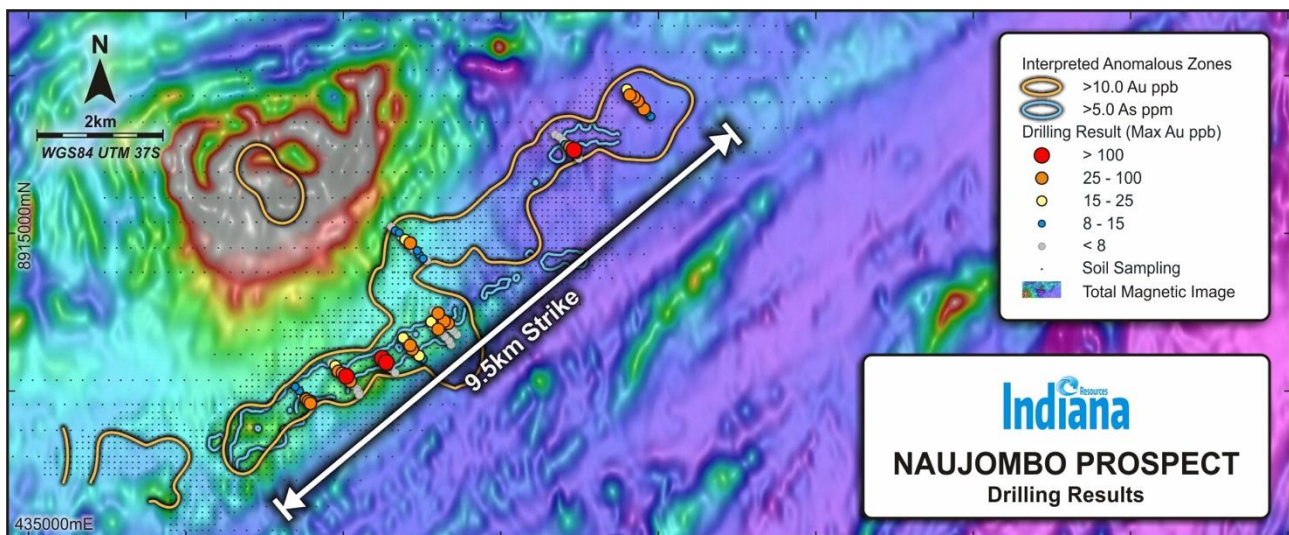


Figure 1: Naujombo gold anomalism and drill collar locations

The Company has received a substantial amount of data from this program and is continuing the process of working through the information to enhance its understanding of the Naujombo and Kishugu Prospects and to inform future exploration.

A preliminary review of the results, together with the existing extensive geochemical and geophysical datasets, has identified a number of new standout drilling targets and areas within the anomalies for follow up drilling and field work. The testing will target both direct tests underneath identified anomalism as well as vectoring along strike towards zones of higher gold tenor.

¹ Since announcing these exploration results on 12 October 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

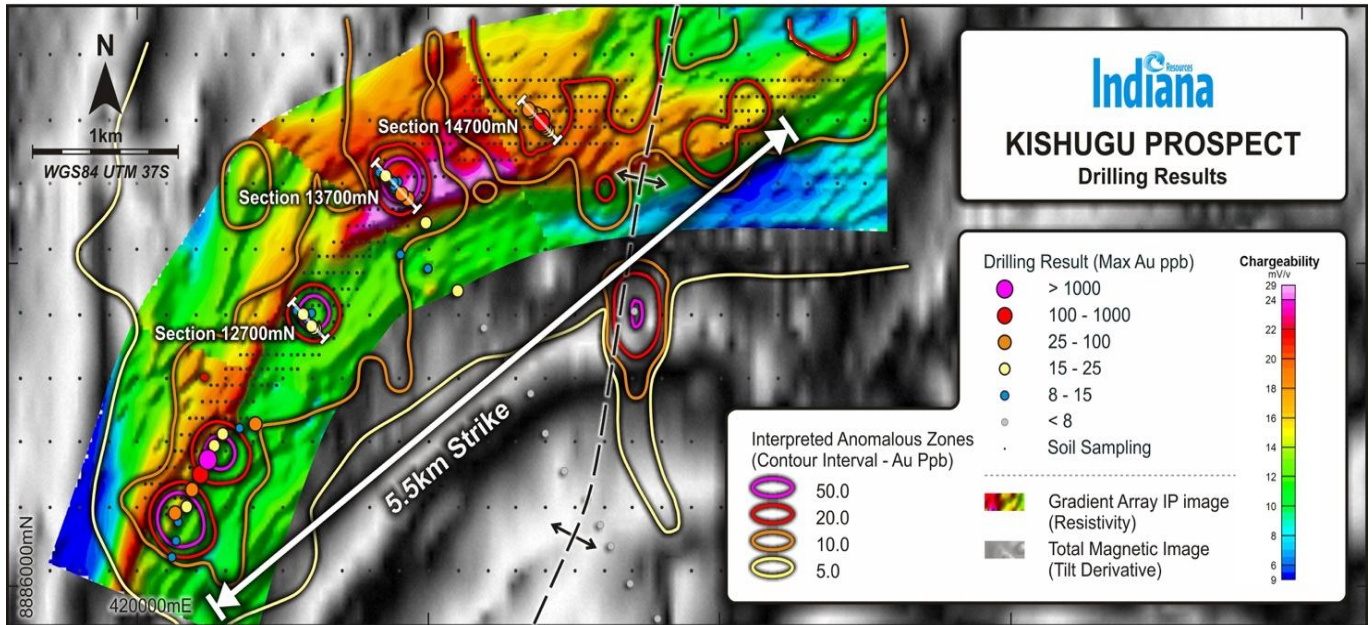


Figure 2: Kishugu gold anomalism and drill collar locations

Planning for a second stage of drilling and further data collection at Naujombo and Kishugu is under way and with Naujombo accessible by an all-weather road, the end of year wet season is not expected to be a constraint to undertaking this next stage of exploration at Naujombo.

Naujombo soil sampling

Prior to the RAB drilling programs, the Company received assay results from previous soil sampling at Naujombo, with each sample assayed for gold, platinum and palladium. The highest recorded gold assay was 811ppb, with an additional four samples of greater than 50ppb. These higher results are distributed along the entire length of the anomalous trend, at the time of the soil sampling, the anomaly was interpreted to extend over 9.5km and greater than 600m wide (Figure 3)². It was pleasing that the RAB drilling confirmed this interpretation.

² Since announcing these exploration results on 28 July 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

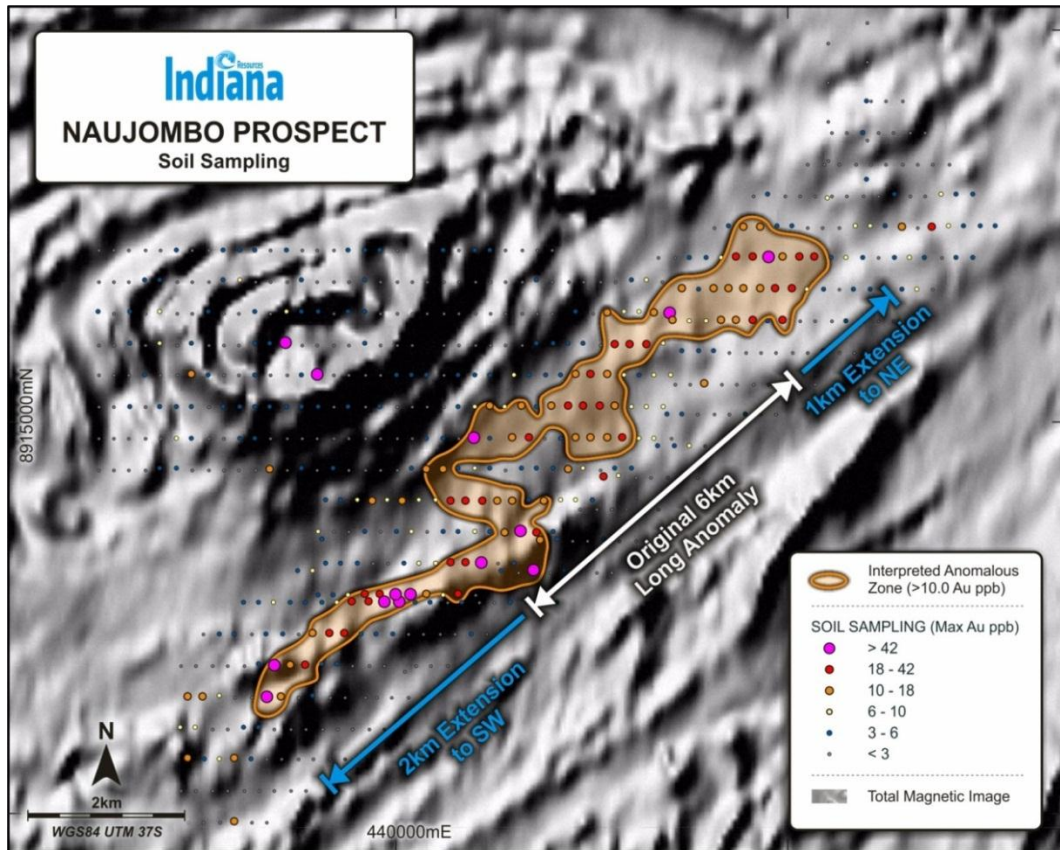


Figure 3: Expanded >10ppb gold contours based upon the updated 2016 soils results

To date at Naujombo, 658 surface soil samples have been assayed for gold and their distribution is shown in Table 1.

Table 1: Distribution of gold results from the soil samples collected over Naujombo from all programs³

Assay	Count	Percentile
>100 ppb	4	0.6 %
>50 ppb	11	1.7%
>25 ppb	30	4.6 %
>10 ppb	99	15.1 %
> 5 ppb	240	36.5 %
Total samples	658	100 %

Portable XRF analytical instruments (pXRF) have been used to better understand the soil chemistry, with analysis showing appreciable levels of arsenic, lead and zinc in the soils pXRF data. Strong arsenic anomalism continues to present a good correlation to the gold assays from prior soil sampling, with up to 622 ppm Arsenic (As) within the main trend (Figure 4).

The presence of appreciable levels of arsenic, lead and zinc in the soils pXRF data, combined with the elevated levels of silver (Ag), bismuth (Bi) and lead (Sb) in laboratory results, suggests that the gold present

³ Since announcing these exploration results on 28 July 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

is reflecting a bedrock source rather than an alluvial source. This was confirmed later in the Quarter from the RAB drilling into bedrock.

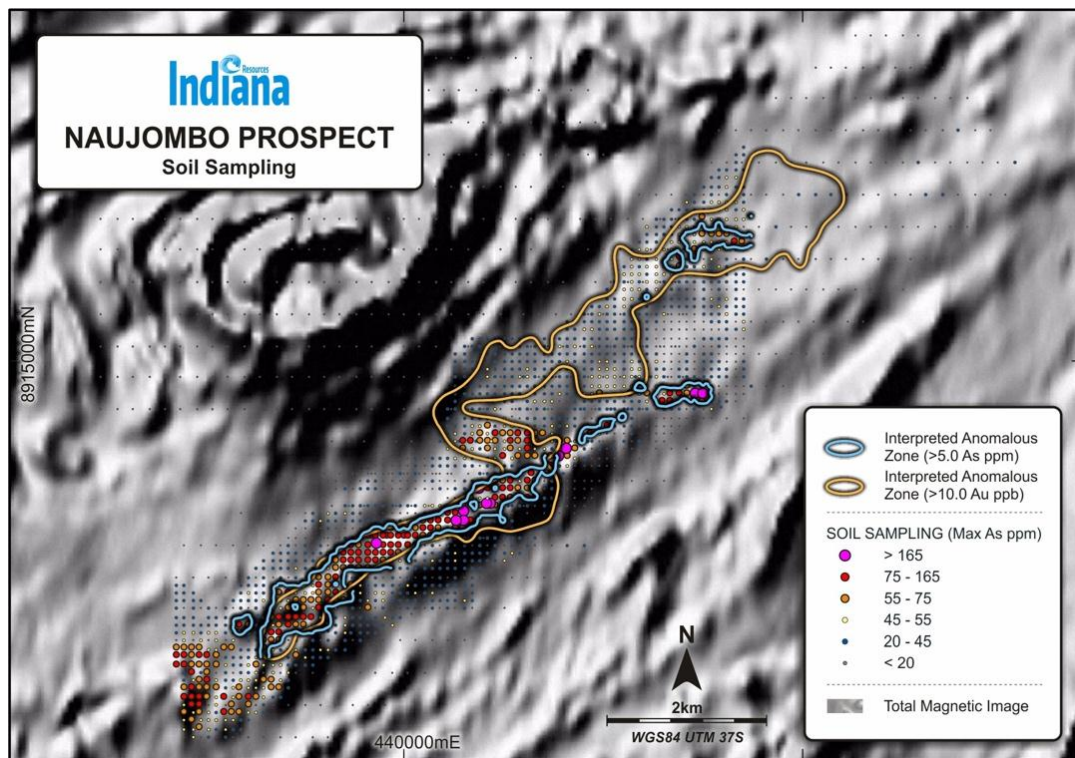


Figure 4: Gold 10ppb Contours of soil sampling at Naujombo; anomaly interpreted at 6.5 km x 600 m; and results of the arsenic anomaly coincident with gold (50ppm)⁴

Geophysical surveys at Naujombo

Analysis of the IP data from geophysics programs at Naujombo shows a very strong chargeability anomaly in close proximity to the 811 ppb gold in soils results (Figure 5).⁴

There is an excellent correlation between gold-in-soil and the IP chargeability. The broad chargeability anomaly lies within the >10ppb gold in soil contour and is broken into smaller anomalies of between 100m to 300m in strike length. Modelling of the IP chargeability puts the anomalies at approximately 30m to 50m below any transported material. The high resistivity results suggest that silicification has occurred which is a common alteration style associated with gold mineralisation.

This interpretation was undertaken prior to the RAB drilling programs and it was pleasing to be able to confirm the interpretation. The correlation of this developing body of knowledge about Naujombo and Kishugu is now helping with the formulation of follow up programs at both prospects.

⁴ Since announcing these exploration results on 9 August 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

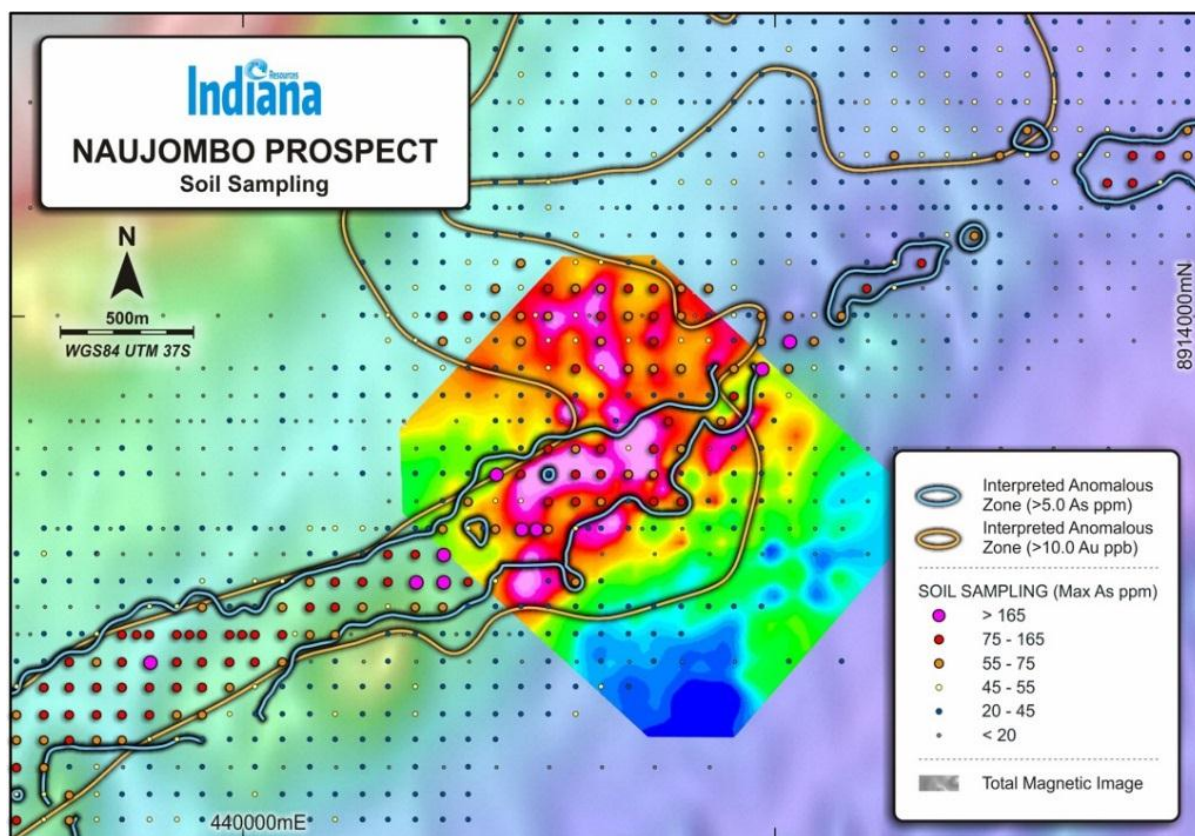


Figure 5: Block one of the IP program underlying 10ppb gold anomaly contour and arsenic pXRF results

CORPORATE

Cash position

As at 30 September 2016, Indiana had cash at bank of \$1.6 million.

Exploration expenditure for the quarter was \$349,000. This included the Ntaka Hill Retention License payment of \$134,000 and costs for the Tanzanian exploration programs including RAB drilling and assaying costs (\$175,000), soils, IP programs and tenement holding costs.

Staff costs of \$126,000 include Perth, Tanzania salaries and non-executive directors' fees.

Administration costs are distorted by a number of one off costs associated with the capital raising completed during the Quarter and also receipt of a R&D tax refund of \$458,000.

Other administration costs included ASX fees of \$29,000, tax and audit fees of \$90,000 (associated with preparing and receiving the R&D refund) and a number of final payments in connection with the demerger of Indiana and Graphex, including \$81,000 for advice on a tax ruling for IMX shareholders.

Completion of \$1.4 million capital raising

During the Quarter, the Company completed a \$1.4 million capital raising at 12.0 cents per share, comprised of a placement to professional and sophisticated investors that raised \$0.94 million before costs (the 'Placement') and a share purchase plan ('SPP') that sought to raise up to \$0.5 million.

Pursuant to the Placement, the Company issued a total of 7,834,303 shares, with a further 4,166,663 shares issued under the SPP. The SPP was oversubscribed, with the Company having received applications for approximately \$744,000 and as a result, the Company's directors elected to scale back all applications on a *pro rata* basis, using a simple ratio based on the quantity available relative to demand.

Annual General Meeting

The Annual General Meeting of the Company's shareholders will be held at 3:30 pm (WST) on Wednesday, 23 November 2016 at the President's Room, Celtic Club, 48 Ord Street, West Perth. All shareholders are invited to attend.

TENEMENT INTERESTS

Table 2. Tenements held and location

Tenement	Ownership	Project	Location
PL5977/2009 - Naujombo	100%*	Nachingwea	Tanzania
PL6397/2010 - Kipepere West	100%*	Nachingwea	Tanzania
PL6634/2010 - Mihumo	100%*	Nachingwea	Tanzania
PL6635/2010 - Nachingwea NW	100%*	Nachingwea	Tanzania
PL7095/2011 - Nditi	100%*	Nachingwea	Tanzania
PL8627/2012 - Lumpumbulu	100%*	Nachingwea	Tanzania
PL8754/2012 - Chikoweti	100%*	Nachingwea	Tanzania
PL9757/2014 - Mihumo West	100%*	Nachingwea	Tanzania
PL9759/2014 - Mjembe	100%*	Nachingwea	Tanzania
PL9939/2014 - Mjembe East	100%*	Nachingwea	Tanzania
PL9942/2014 - Naujombo North	100%*	Nachingwea	Tanzania
PL9944/2014 - Namarongo North	100%*	Nachingwea	Tanzania
PL10099/2014 - Nanyindwa	100%*	Nachingwea	Tanzania
PL10302/2014 - Namatutwa	100%*	Nachingwea	Tanzania
PL10904/2016 - Namikango North	100%*	Nachingwea	Tanzania
RL0017/2015 - Ntaka Hill	100%***	Nachingwea	Tanzania
PL7226/2011 – Ntaka South	100%***	Nachingwea	Tanzania
Claim Block 4242	50% **	St Stephen	New Brunswick, Canada
Claim Block 5787	50% **	St Stephen	New Brunswick, Canada

* Subject to farm-in joint venture with MMG, under which MMG holds an interest of approximately 14%.

** Subject to 50/50 joint venture with ABE Resources.

*** Subject to farm-in JV with MMG (10% interest) and JV transaction with Fig Tree (30% interest).

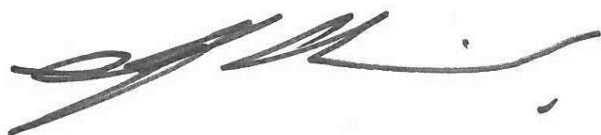
Table 3. Tenements acquired during the Quarter

Tenement	Ownership	Project	Location
PL/11309/2016 – Naujombo West	100%*	Nachingwea	Tanzania

* Subject to farm-in joint venture with MMG, under which MMG holds an interest of approximately 14%.

Table 4. Tenements Disposed During the Quarter

Tenement	Action
PL9397/2013 - Mtimbo South	Surrendered
PL9442/2013 - Nachi West	Surrendered



Campbell Baird
Managing Director

For further information, please contact:
Campbell Baird – Managing Director
Tel: +61 8 9388 7877

Stuart McKenzie – Commercial Manager and Company
Secretary
Tel: +61 8 9388 7877

About Indiana Resources Limited

Indiana is an Australian minerals exploration company that holds a 901 km² tenement package in south-east Tanzania. The Company's tenement package hosts the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects.

To find out more, please visit www.indianaresources.com.au.

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

Indiana Resources Limited

ABN

67 009 129 560

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		
1.2 Payments for		
(a) exploration & evaluation	(349)	(349)
(b) development		
(c) production		
(d) staff costs	(126)	(126)
(e) administration and corporate costs	(404)	(404)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	458	458
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(420)	(420)

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	-	-
	(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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,440	1,440
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	(86)	(86)
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	1,354	1,354

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	685	685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(420)	(420)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,354	1,354
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	1,618	1,618

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	1,618	685
5.2 Call deposits	137	
5.3 Bank overdrafts	-	-
5.4 Other ()	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,755	685

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
94
Nil

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
Nil
Nil

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	
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.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(200)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(126)
9.5 Administration and corporate costs	(220)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(546)

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	PL3973/2013 - Mtimbo South	Voluntary surrender of Prospecting Licence	100%*	0
	PL9442/2013 - Nachi West	Voluntary surrender of Prospecting Licence	100%*	0
10.2 Interests in mining tenements and petroleum tenements acquired or increased	PL/11309/2016 - Naujombo West	Acquisition of previously relinquished Prospecting Licence	0%	100%*

* Subject to farm-in joint venture with MMG, under which MMG holds an interest of approximately 14%.

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:
(~~Director~~/Company secretary)

Date: 31 October 2016

Print name: Stuart McKenzie

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.