



# India Resources Limited

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West Perth Western Australia 6005

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24 February 2009

Manager Announcements  
Company Announcements Office  
ASX Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **BUY-BACK OF ROYALTY ON DIAMOND LEASES**

The directors of India Resources Limited (Company) are pleased to advise that the Company has entered into an agreement to buy-back the royalty entitlement held by Dwyka Resources Limited (Dwyka) over the Company's diamond leases in India.

Dwyka was the vendor for three project areas, the Bhandara, Bundelkhand and Dharwar diamond projects, which the Company acquired in December 2006. Under the terms of the original option agreement, Dwyka was granted a 2.5% production royalty on the diamond leases.

Dwyka has now agreed to the termination of the royalty entitlement in consideration for the issue by the Company of 2 million ordinary fully paid shares. A voluntary escrow period of six months applies to these shares.

### ***Diamond Projects***

India has an appetite for diamonds and a long history of alluvial diamond production, which yielded such spectacular stones as the Orlov (189 carats), the Darya-i-Noor (185 carats) and the Kohinoor (105 carats). Yet there has only been bedrock diamond production from only one pipe – the Majhgawan near Panna, Madhya Pradesh. Rio Tinto recognized this potential some years ago and have spent over \$25 million dollars and discovered more than 40 pipes, and announcing on 23 June, 2008, an exploration target at their Bunder (Saptarshi) project of 40-70 million tonnes distributed in 8 pipes at a grade of between 0.3 and 0.7 carats per tonne.

The Company has three diamond projects, all with granted tenure. The Bundelkhand project consists of two Reconnaissance Permits (RPs) which lie in the Panna diamond field, 20km from Rio Tinto's Bunder project. Multiple kimberlitic mineral anomalies occur in streams that drain the two RPs.

The Company's Bhandara project in Orissa consists of 5 granted RPs and multiple kimberlitic mineral anomalies occur within the tenements. Two known diamondiferous kimberlite fields (Nuapada and Raipur) occur in the same general area along the eastern edge of the Bhandara Archaean craton.



The Company's Dharwar project in Andhra Pradesh consists of 5 granted Prospecting Licenses and contain at least two diamondiferous kimberlites drilled by BHP. These pipes need to be bulk sampled to establish grade and stone size distribution. There are also several other kimberlitic mineral anomalies to be followed up.

The Company was approached by a major multi-national resource company who were interested in a joint venture for the diamond projects. Negotiations were entered into under a confidentiality agreement, but discussions ended shortly before the end of the 2008 due to the global financial crisis affecting that company's exploration budgets. However, in January 2009 another approach came from a TSX listed company. The initial joint venture terms being discussed included the right to acquire up to an 80% interest in the Company's diamond projects by spending up to 2 million Canadian dollars over a period of 4 years. These terms are subject to due diligence and a formal agreement.

In the light of multiple approaches by companies experienced in the business of diamond exploration and project development, the Company decided to unencumber the package by seeking the termination of the Dwyka royalty agreement, which the interested parties regarded as onerous. This has now been achieved and the Company can move forward with the joint venture negotiations, which will deliver accelerated development of the package. The Company also regards the acceptance of shares by Dwyka as a vote of confidence in the Company.

Please find enclosed an Appendix 3B in relation to the issue of the shares to Dwyka.

**Notice given under Section 708A(5) of the Corporations Act**

This notice is given by the Company under section 708A(5)(e) of the Corporations Act in relation to an issue of ordinary fully paid shares by the Company without disclosure to investors under Part 6D.2 of the Corporations Act.

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

The Company confirms that, as at the date of this notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice given to ASX in accordance with the ASX Listing Rules; and
- (b) investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii)
  - (iii) the rights and liabilities attaching to ordinary fully paid shares,

to the extent to which it would be reasonable for investors and their professional advisers to expect to find such information in a disclosure document.

Yours faithfully



**Eoin Rothery**  
Managing Director

**For more information contact:**

**Andrew Simpson**  
Chairman  
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**Eoin Rothery**  
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**Visit: [www.indiaresources.com.au](http://www.indiaresources.com.au)**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

India Resources Limited

ABN

77 121 339 704

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares                |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 2,000,000                                 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)   | Ordinary fully paid shares                |
| 4 | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | Yes                                       |
| 5 | Issue price or consideration   | Deemed issue price of 2.5 cents per share |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

| 6 Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets)                      | Consideration for cancellation of royalty entitlement on diamond tenements.  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|--|--|-----------------------------|--------------------|-------------|-----------------|-------------|-----------------------------|------------|-----------------------------|-----------|-----------------------------|------------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|-------------------------------|
| 7 Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates                                     | 24 February 2009   |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 8 Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX<br>(including the securities in clause 2 if applicable)     | <table border="1"> <thead> <tr> <th data-bbox="877 548 1053 582">Number</th> <th data-bbox="1053 548 1430 582"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="877 582 1053 616">182,134,477</td> <td data-bbox="1053 582 1430 616">Ordinary shares</td> </tr> <tr> <td data-bbox="877 616 1053 649">110,337,418</td> <td data-bbox="1053 616 1430 649">Options (20 cents 31.12.09)</td> </tr> </tbody> </table>   | Number                      | <sup>+</sup> Class | 182,134,477 | Ordinary shares | 110,337,418 | Options (20 cents 31.12.09) |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | Number   | <sup>+</sup> Class          |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 182,134,477  | Ordinary shares  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 110,337,418  | Options (20 cents 31.12.09)  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  |  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 9 Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX<br>(including the securities in clause 2 if applicable) | <table border="1"> <thead> <tr> <th data-bbox="877 750 1053 784">Number</th> <th data-bbox="1053 750 1430 784"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="877 784 1053 817">7,512,500</td> <td data-bbox="1053 784 1430 817">Ordinary shares</td> </tr> <tr> <td data-bbox="877 817 1053 851">4,388,250</td> <td data-bbox="1053 817 1430 851">Options (20 cents 31.12.09)</td> </tr> <tr> <td data-bbox="877 851 1053 884">12,500,000</td> <td data-bbox="1053 851 1430 884">Options (30 cents 31.12.09)</td> </tr> <tr> <td data-bbox="877 884 1053 918">5,000,000</td> <td data-bbox="1053 884 1430 918">Options (60 cents 31.12.09)</td> </tr> <tr> <td data-bbox="877 918 1053 952">19,000,000</td> <td data-bbox="1053 918 1430 952">Options (30 cents 30.06.10)</td> </tr> <tr> <td data-bbox="877 952 1053 985">2,000,000</td> <td data-bbox="1053 952 1430 985">Options (40 cents 30.09.10)</td> </tr> <tr> <td data-bbox="877 985 1053 1019">2,500,000</td> <td data-bbox="1053 985 1430 1019">Options (30 cents 30.06.12)</td> </tr> <tr> <td data-bbox="877 1019 1053 1052">6,000,000</td> <td data-bbox="1053 1019 1430 1052">Options (0.25 cents 31.12.17)</td> </tr> </tbody> </table> | Number                      | <sup>+</sup> Class | 7,512,500   | Ordinary shares | 4,388,250   | Options (20 cents 31.12.09) | 12,500,000 | Options (30 cents 31.12.09) | 5,000,000 | Options (60 cents 31.12.09) | 19,000,000 | Options (30 cents 30.06.10) | 2,000,000 | Options (40 cents 30.09.10) | 2,500,000 | Options (30 cents 30.06.12) | 6,000,000 | Options (0.25 cents 31.12.17) |
|  | Number   | <sup>+</sup> Class          |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 7,512,500  | Ordinary shares             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 4,388,250  | Options (20 cents 31.12.09) |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 12,500,000   | Options (30 cents 31.12.09) |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 5,000,000  | Options (60 cents 31.12.09) |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 19,000,000   | Options (30 cents 30.06.10) |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  | 2,000,000  | Options (40 cents 30.09.10) |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 2,500,000  | Options (30 cents 30.06.12)  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 6,000,000  | Options (0.25 cents 31.12.17)  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
|  |  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)                                    | The Company does not presently have a formal dividend policy.  |                             |                    |             |                 |             |                             |            |                             |           |                             |            |                             |           |                             |           |                             |           |                               |

**Part 2 - Bonus issue or pro rata issue**

|  |  |
|--|--|
| 11 Is security holder approval required?   |  |
| 12 Is the issue renounceable or non-renounceable?  |  |
| 13 Ratio in which the <sup>+</sup> securities will be offered  |  |
| 14 <sup>+</sup> Class of <sup>+</sup> securities to which the offer relates  |  |
| 15 <sup>+</sup> Record date to determine entitlements  |  |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  |  |
| 17 Policy for deciding entitlements in relation to fractions   |  |
| 18 Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents<br><br>Note: Security holders must be told how their entitlements are to be dealt with.<br>Cross reference: rule 7.7. |  |

+ See chapter 19 for defined terms.

- |    |   |  |
|----|---|--|
| 19 | Closing date for receipt of acceptances or renunciations  |  |
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)?   |  |
| 33 | +Despatch date  |  |

### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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+ See chapter 19 for defined terms.

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

|  |
|--|
|  |
|--|

39 Class of +securities for which quotation is sought

|  |
|--|
|  |
|--|

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

|  |
|--|
|  |
|--|

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

|  |
|--|
|  |
|--|

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

| Number | +Class |
|--------|--------|
|        |        |

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+ See chapter 19 for defined terms.

**Quotation agreement**

1. +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
2. We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
3. We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
4. We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

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

Date: 24 February 2009

Print name: FRANK CAMPAGNA

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+ See chapter 19 for defined terms.