

INDIANA RESOURCES LIMITED

ABN 67 009 129 560

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2018



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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Indiana Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

INDIANA RESOURCES LIMITED

Corporate Information

Directors

Ms Bronwyn Barnes (Non - Executive Chairman)

Dr Derek Fisher (Non - Executive Director) (Resigned 15 October 2018)

Mr Bruce McFadzean (Non - Executive Director) (Resigned 25 January 2019)

Mr Chris van Wijk (Appointed 19 November 2018) (Resigned 27 February 2019)

Mr Morgan Barron (Non - Executive Director) (Appointed 15 October 2018 – resigned 19 November 2018)

Mr Bob Adam (Non - Executive Director) (Appointed 25 January 2019)

Mr Steven Zaninovich (Appointed 27 February 2019)

Company Secretary

Mr Stuart McKenzie

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Share Register

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PERTH WA 6000

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Auditors

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

PERTH WA 6000

Website Address

www.indianaresources.com.au

Stock Exchange Code

Shares are listed on the Australian Securities Exchange under the code IDA.

INDIANA RESOURCES LIMITED

Director's Report

The Directors present the consolidated financial report of Indiana Resources Limited ("**Indiana**" or the "**Company**") and its controlled entities (the "**Group**") for the six months ended 31 December 2018.

Amounts are expressed in Australian dollars unless otherwise noted.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Non-Executive

Ms Bronwyn Barnes (Non - Executive Chairman)

Dr Derek Fisher (Non - Executive Director) (Resigned 15 October 2018)

Mr Bruce McFadzean (Non - Executive Director) (Resigned 25 January 2019)

Mr Morgan Barron (Non - Executive Director) (Appointed 15 October 2018 – resigned 19 November 2018)

Mr Bob Adam (Non - Executive Director) (Appointed 25 January 2019)

Mr Steven Zaninovich (Non - Executive Director) (Appointed 27 February 2019)

Executive

Mr Chris van Wijk (Appointed 19 November 2018) (Resigned 27 February 2019)

Company Secretary

Mr Stuart McKenzie

PRINCIPAL ACTIVITIES

During the period, the principal continuing activities of the Group consisted of exploration for minerals.

REVIEW OF OPERATIONS

Corporate

Results for the Half-Year

The net loss after income tax of the Group for the half-year ended 31 December 2018 was \$1.27 million (2017: \$0.99 million). The result for the half-year is attributable to:

- (1) Corporate and administration costs of \$0.67 million (2017: \$0.48 million);
- (2) Share based payment of \$0.02 million (2017: \$0.21 million); and
- (3) Exploration costs of \$0.46 million (2017: \$0.21 million).

Project acquisitions

During July 2018 the Company completed the acquisition of Mukuyu Resources Limited ("**Mukuyu**"). Mukuyu is the owner of interests in two highly prospective gold exploration licences in western Mali, Koussikoto Ouest, in which it holds 75% and Kenieko Nord ("**Kenieko**"), in which it holds 95%, with the remaining interest in both licences being held by local partners. Koussikoto Ouest and Kenieko are located in the prolifically gold mineralised Kenieba Province of western Mali, approximately 550 km west of the capital city of Bamako.

Subsequent to the completion of the acquisition of Mukuyu, the Company undertook a prospectivity review of the Kenieba Inlier region to develop an understanding of properties that may be available for joint venture or acquisition that would be value accretive for Indiana shareholders. The Company is particularly interested in acquiring additional ground in proximity to its current holdings to grow its footprint in the region, which has a demonstrated potential for multiple million-ounce gold projects (Figure 2). With major existing, operating gold

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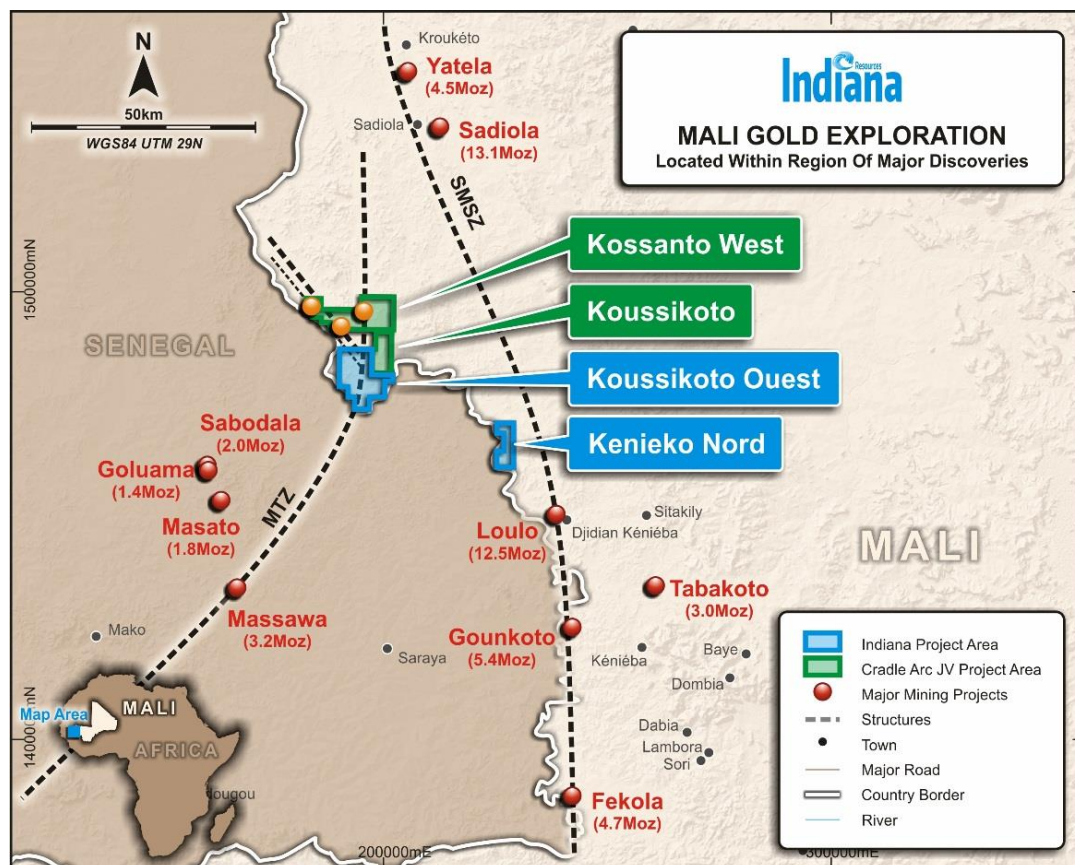
Director's Report

projects in the area such as Sadiola (IAMGOLD, 12.1 Million oz), Loulo (Randgold, 13.1 Million oz) and Sabadola (Teranga, 2 Million oz), the Company believes it to be an opportune time to consolidate a strategic footprint in the area, given current levels of corporate activity amongst mid-tier gold mining companies and the rising gold price.

This strategy resulted in the Company entering into a joint venture in September 2018 over two exploration permits located immediately adjacent to Koussikoto Ouest with Caracal Gold Mali SARL, a wholly owned subsidiary of Cradle Arc plc. The joint venture agreement over the Kossanto West Gold Project ("**Kossanto West**") in Western Mali, located immediately adjacent to the Company's Koussikoto Ouest Project (see Figure 1), effectively doubled the land available for Indiana's exploration activities, bringing the Company's total exploration area in Mali to 263km².

Kossanto West comprises two permits, the Kobokoto Est and Koussikoto exploration permits, which cover a total area of 137 km², located on the Main Transcurrent Zone, which is interpreted to be one of the structures which controls mineralisation in Western Mali. This is an excellent geological and structural location, within the highly prospective Kenieba Inlier of Western Mali.

Figure 1. Exploration interests in Mali

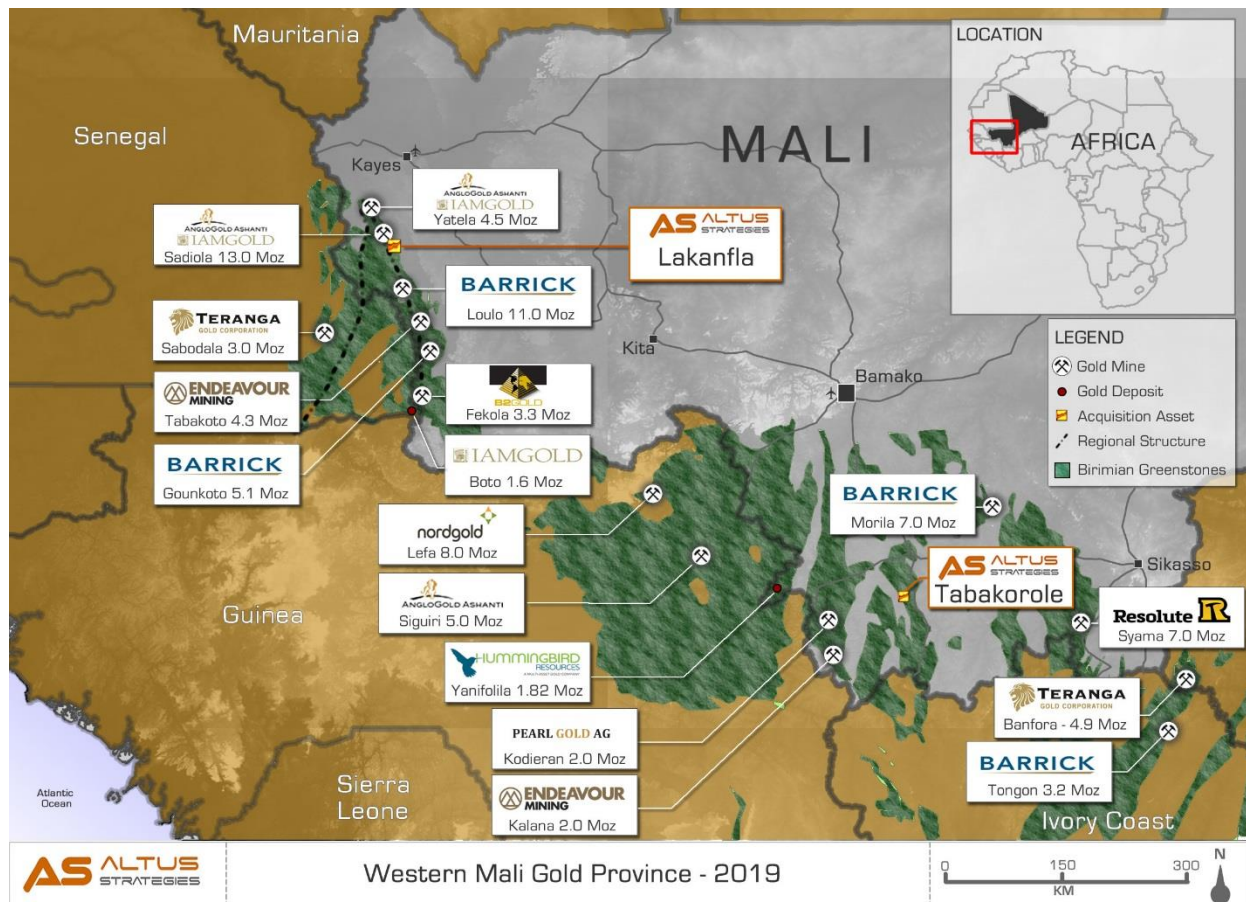


Further to this strategy, in February 2019 the Company entered into a non-binding term sheet for a joint venture with Altus Strategies Plc ("**Altus**"). Subject to entering into a definitive agreement with Altus, Indiana will have the option to earn up to an 85% interest in Legend Mali Inc., a wholly owned subsidiary of Altus, which holds a 100% interest in the Lakanfla and Tabakarole gold projects located in western and southern Mali respectively (see Figure 2). Altus is a London (AIM: ALS) and Toronto (TSX-V: ALTS) listed entity, focused on exploration project generation in Africa.

INDIANA RESOURCES LIMITED

Director's Report

Figure 2. Location of Lakanfla and Tabakorole Projects



Mali – Exploration

During the period, the Company reported the results of Phase 2 drilling at Koussikoto Ouest. The Phase 2 drilling of 45 holes for 358m was part of the overall program of shallow, wide spaced, reconnaissance drilling at Koussikoto that comprised 150 holes for 3,967m (Figure 3). Results from Phase 2 drilling included (ASX announcement 12 July 2018):

- 8m @ 3.00 g/t Au, from 16m, ending in mineralisation
- 8m @ 0.67 g/t Au, from 45m

These results followed Phase 1 drilling at Koussikoto Ouest, which included the following significant intersections (ASX announcement 29 June 2018):

- 8m @ 3.37 g/t Au, from 12m
- 5m @ 4.86 g/t Au, from 12m
- 4m @ 2.16 g/t Au, from 4m
- 8m @ 0.83 g/t Au, from 24m

At Kenieko, reconnaissance drilling of 19 holes for 358m targeted an area of recent artisanal mining situated in the central portion of the property and backed up with highly anomalous soil geochemistry (Figure 4).

INDIANA RESOURCES LIMITED

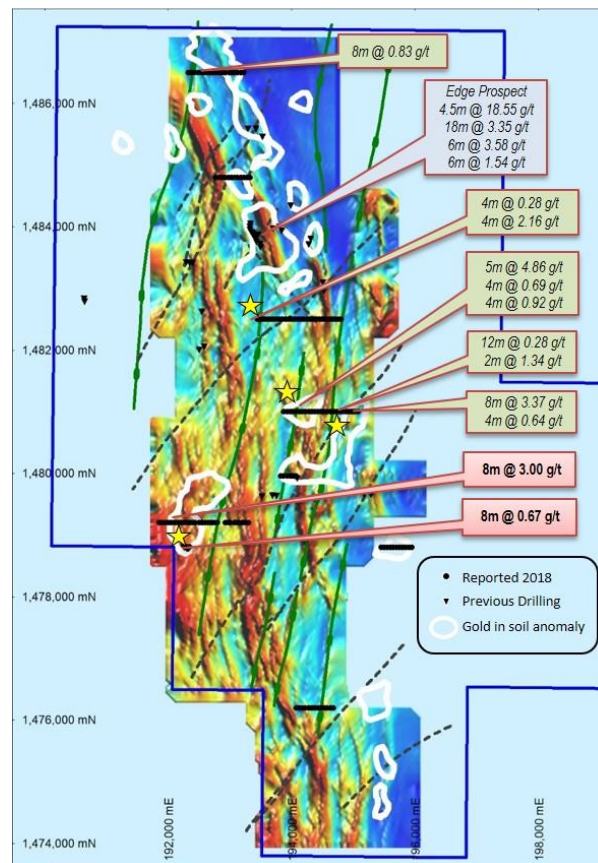
Director's Report

Holes were drilled on two sections spaced approximately 1,200m apart at either end of the anomaly to give some geological context to the artisanal mining activity. Holes were typically spaced 50m apart on each section and were drilled to an average depth of only 19m. Broad anomalous gold intervals were returned from surface in adjacent holes (ASX announcement 6 August 2018):

- 20m @ 0.35 g/t Au, from surface
- 12m @ 0.26 g/t Au, from surface

The results at Kenieko confirm the soil geochemical anomalism and indicate that there is up to 1km of strike. With the active presence of artisanal mining, the Company believes that there may be a number of higher-grade zones within that trend.

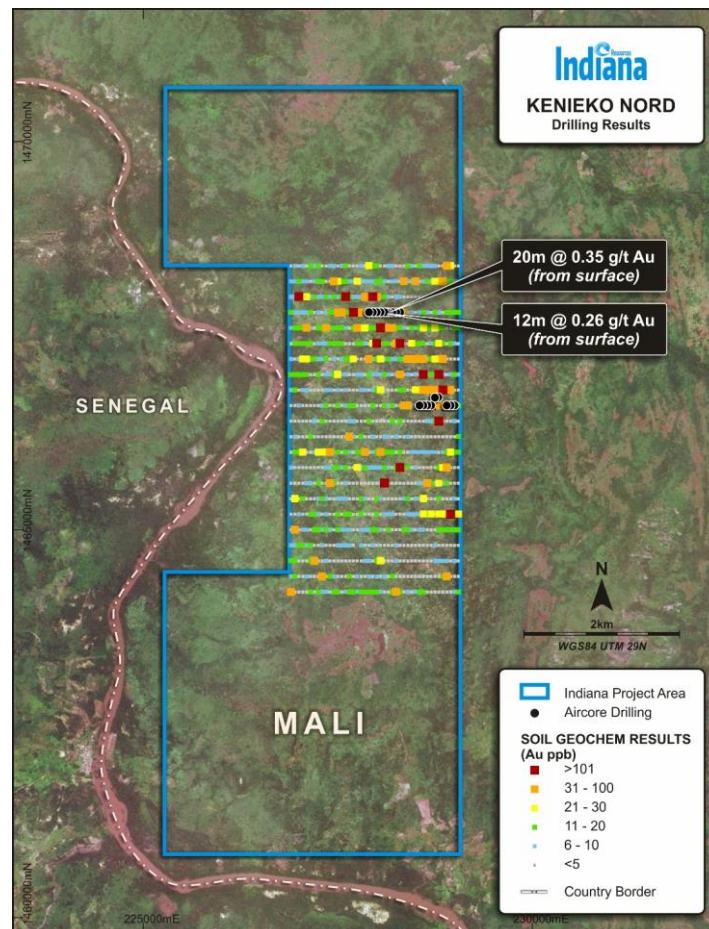
Figure 3. Koussikoto drill holes and selected significant intersections over gold-in-soil anomalies and IP resistivity image (ASX announcement 12 July 2018)



INDIANA RESOURCES LIMITED

Director's Report

Figure 4. Kenieko drill hole locations and soil geochemical results (ASX announcement 6 August 2018)



In December 2018, accompanied by the Company's Exploration Manager and a group of potential investors, Indiana Managing Director Chris van Wijk visited the Company's Koussikoto and Kenieko exploration projects in Mali.

Line cutting in preparation for an IP Geophysical survey was completed at the end of the period for a total of 189 line kilometres at Kossanto West and 82 line kilometres at Koussikoto. The Company anticipates commencing the Gradient Array IP survey in the near future.

Additional field work undertaken during the period involved an inspection of historic artisanal workings across the existing project areas and inspection of several prospect areas where outstanding exploration results have been previously recorded and remain to be tested. These include 10.2m @ 2.5g/t Au in trench MSTR01 (ASX announcement September 11, 2018). Follow up of untested targets is expected to be a key focus of the Company's 2019 exploration program.

The current state of artisanal mining at Koussikoto was also assessed, with artisanal miners having largely vacated previously outlined resources. Artisanal miners are still active at a low level across the property, however the Company accepts their presence, as the artisanal miners are compliant with local customs and norms, including not mining below a level of 2m from surface and not using machinery to mine.

The Company is currently finalising its 2019 exploration program and is in discussion with drilling companies regarding the commercial arrangements under which a drilling program could be completed in the coming months.

INDIANA RESOURCES LIMITED

Director's Report

Mali – Community

During the period, meetings were held with local elders and village Chiefs, where the Company received commitments of support for Indiana's exploration activities. The Company looks to maintain good lines of communication with local communities and seeks to utilise local labour wherever possible to support exploration and camp activities and general operations.

Tanzania Ntaka Hill Retention Licence

The Mining Regulations published in January 2018, as they relate to mineral rights, included a provision that all retention licences issued prior to the date of publication of the Regulations are cancelled and cease to have legal effect. The Company's interest in the Ntaka Hill Project was held in the form of a retention licence ("**Ntaka Hill Retention Licence**").

Given that there has been no breach of the conditions of the Ntaka Hill Retention Licence or failure to comply with the Mining Act or the applicable regulations, Indiana would be surprised if the Ministry of Minerals did not provide Indiana with the opportunity to be granted an alternative class of licence.

The Company continues to work with the Government on reaching a satisfactory resolution regarding title to the Ntaka Hill Retention Licence.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 8 February 2019, the Company entered into a non-binding term sheet for a joint venture with Altus Strategies Plc. Subject to entering into a definitive agreement with Altus, Indiana will have the option to earn up to an 85% interest in Legend Mali Inc., a wholly owned subsidiary of Altus, which holds a 100% interest in the Lakanfla and Tabakarole gold projects located in western and southern Mali respectively. Altus is a London (AIM: ALS) and Toronto (TSX-V: ALTS) listed entity, focused on exploration project generation in Africa.

On 14 February 2019, the Company received subscriptions to purchase 7,000,000 fully paid ordinary shares at \$0.05 cents per share to raise \$0.35 million, through a placement to professional investors. Subscriptions to purchase a further 3,000,000 fully paid ordinary shares at \$0.05 cents per share to raise \$0.15 million, through a placement to professional investors were received in March 2019. Details of these subscriptions were set out in the Cleansing prospectus that was lodged with ASIC and ASX on 13 March 2019.

PREVIOUSLY REPORTED EXPLORATION RESULTS

The information in this report that relates to exploration results at Koussikoto Ouest and Kenieko Nord was previously announced on the dates referred to in this report. The Company confirms that it is not aware any new information or data that materially affects the information included in those announcements.

Information in this report that relates to historical exploration results from Kossanto West and Koussikoto was previously announced on the dates referred to in this report. The Company confirms that it is not aware any new information or data that materially affects the information included in those announcements.

INDIANA RESOURCES LIMITED

Director's Report

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Indiana Resources Limited with an Independence Declaration in relation to the half-year ended 31 December 2018. The Independence Declaration is attached to and forms part of this Directors' Report.

This report is made in accordance with a resolution of Directors of Indiana Resources Limited.



Bronwyn Barnes
CHAIRMAN
PERTH, WA

13 March 2019

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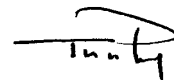
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indiana Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2019

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2018

	Notes	31 DECEMBER 2018 \$'000	31 DECEMBER 2017 \$'000
Other income		1	4
Business development costs		(51)	-
Corporate and administration expenses		(671)	(482)
Depreciation		(68)	(46)
Exploration and evaluation expenses		(464)	(210)
Share based payments		(15)	(206)
Other expenses		(6)	(45)
LOSS BEFORE INCOME TAX EXPENSE		(1,274)	(985)
Income tax benefit		-	-
LOSS AFTER INCOME TAX EXPENSE		(1,274)	(985)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences, net of tax		(150)	(40)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,424)	(1,025)
Net Loss is attributable to:			
Owners of Indiana Resources Limited		(1,274)	(985)
Non-controlling interest		-	-
		(1,274)	(985)
Total Comprehensive Loss is attributable to:			
Owners of Indiana Resources Limited		(1,424)	(1,025)
Non-controlling interest		-	-
		(1,424)	(1,025)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)		(1.5)	(1.8)
Diluted loss per share (cents)		(1.5)	(1.8)

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	31 DECEMBER 2018 \$'000	30 JUNE 2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents		276	784
Trade and other receivables		207	308
TOTAL CURRENT ASSETS		483	1,092
NON-CURRENT ASSETS			
Exploration and evaluation expenditure assets	6	7,247	6,700
Plant and equipment		162	135
TOTAL NON-CURRENT ASSETS		7,409	6,835
TOTAL ASSETS		7,892	7,927
CURRENT LIABILITIES			
Trade and other payables	7	382	263
Provisions		4	1
Loans and borrowings	8	300	-
TOTAL CURRENT LIABILITIES		686	264
TOTAL LIABILITIES		686	264
NET ASSETS		7,206	7,663
EQUITY			
Contributed equity	9	12,587	11,645
Reserves		4,800	4,925
Accumulated losses		(11,103)	(9,829)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		6,284	6,741
Non-controlling interest		922	922
TOTAL EQUITY		7,206	7,663

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	31 DECEMBER 2018 \$'000	31 DECEMBER 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other receipts	1	5
Payments to suppliers and employees	(549)	(497)
Payment of exploration expenditure	(790)	(232)
Net cash outflow from operating activities	(1,338)	(724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	674	-
Direct costs of equity issued	(137)	-
Proceeds from borrowings	300	-
Net cash inflow from financing activities	837	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(501)	(724)
Opening cash and cash equivalents brought forward	784	1,063
Effects of exchange rate movements on opening cash	(7)	(4)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	276	335

The accompanying notes form part of these condensed consolidated interim financial statements.

INDIANA RESOURCES LIMITED

Condensed Consolidated Statement of Changes in Equity For the half-year ended 31 December 2018

	Contributed Equity	Foreign Currency Translation Reserve	Share Based Equity Reserve	Other Equity Reserve	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	10,053	4,725	1,228	(929)	(8,032)	929	7,974
Total Other Comprehensive Income for half-year							
Loss for the half-year	-	-	-	-	(985)	-	(985)
Foreign exchange translation differences	-	(40)	-	-	-	-	(40)
	-	(40)	-	-	(985)	-	(1,025)
Transactions with owners in their capacity as owners:							
Equity attributed to minority	-	-	-	5	-	(5)	-
Employee and director share based payments	-	-	206	-	-	-	206
Balance at 31 December 2017	10,053	4,685	1,434	(924)	(9,017)	924	7,155
Balance at 1 July 2018	11,645	4,694	1,153	(922)	(9,829)	922	7,663
Total Other Comprehensive Income for half-year							
Loss for the half-year	-	-	-	-	(1,274)	-	(1,274)
Foreign exchange translation differences	-	(150)	-	-	-	-	(150)
	-	(150)	-	-	(1,274)	-	(1,424)
Transactions with owners in their capacity as owners:							
Equity attributed to minority	-	-	-	-	-	-	-
Issue of shares net of transaction costs	532	-	-	-	-	-	532
Acquisition via share issue	410	-	-	-	-	-	410
Employee and director share based payments	-	-	16	-	-	-	16
Advisor share based payments	-	-	9	-	-	-	9
Balance at 31 December 2018	12,587	4,544	1,178	(922)	(11,103)	922	7,206

The accompanying notes form part of these consolidated interim financial statements.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

1. Corporate information

Indiana Resources Limited (“Indiana” or the “Company”) is a company incorporated in Australia and limited by shares. Indiana shares are publicly traded on the Australian Securities Exchange under the stock code IDA. The condensed consolidated interim financial statements of the Company as at, and for the half-year ended, 31 December 2018 comprise the Company and its subsidiaries (together the “Group”).

The principal activities of the Company are exploration for base and precious metals.

The consolidated financial statements of the Group as at and for the year ended 30 June 2018 are available online at www.indianaresources.com.au or upon request from the Company’s registered office located at Level 1, Emerald House, 1202 Hay Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 13 March 2019.

2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2018 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report does not include all notes of the type normally included within the annual financial report. However selected explanatory notes are included to explain events and transactions that are important to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements, as of, and for the year ended 30 June 2018.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by Indiana during the half-year ended 31 December 2018 in accordance with the Company’s continuous disclosure obligations.

2(a) Going concern

The Group incurred a net loss after income tax expense for the half year ended 31 December 2018 of \$1.27 million and a net cash outflow from operating activities of \$1.33 million. As at 31 December 2018, the Group had cash and cash equivalents of \$0.28 million and a working capital deficit of \$0.20 million.

Based on the Group’s cash flow forecast, the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration activities.

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The Directors have based this on the following:

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to reduce its working capital requirements;
- The Group has the ability to draw on an unused loan facility as disclosed in Note 8; and
- The Directors believe that future funding will be available to meet the Group’s objectives and debts as and when they fall due, including through engaging with parties interested in joint venture arrangements and/or raising additional capital through equity placements to existing or new investors. The Group has a demonstrated history of success in this regard, which is evident by additional capital raised subsequent to 31 December 2018 as outlined in Note 13.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

2. Basis of preparation and accounting policies (cont.)

2(a) Going concern (cont.)

The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

3. New or amended Accounting Standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the Group from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. Use of judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2018.

5. Acquisition of Mukuyu

On the 2 July 2018 Indiana completed the acquisition of Mukuyu Resources Limited ("**Mukuyu**"). Mukuyu is the owner of interests in two highly prospective gold exploration licences in western Mali, Koussikoto Ouest ("**Koussikoto**"), in which it holds 75% and Kenieko Nord ("**Kenieko**"), in which it holds 95%, with the remaining interest in both licences being held by local partners.

The directors have determined that this transaction is classified as an asset acquisition and not a business combination.

Consideration

Consideration for the acquisition of Mukuyu was as follows:

- Upfront consideration of 6,500,000 ordinary shares in Indiana which at the share price of \$0.06 on completion date gives a consideration of \$409,500.
- Deferred consideration to be recognised in future financial reporting periods when hurdles are completed satisfactorily that meet the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves:
 - 10,000,000 shares on the delineation of a mineral resource of 500,000 ounces of gold on the Mukuyu projects, subject to at least 250,000 ounces being in the category of Indicated Resources; and
 - 12,500,000 shares and 6,500,000 options with an exercise price of \$0.20 and a term of four years from date of issue, on the delineation of a mineral resource of 1,000,000 ounces of gold on the Mukuyu projects, subject to at least 500,000 ounces being in the category of Indicated Resources.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

5. Acquisition of Mukuyu (cont.)

Fair value of net assets acquired

The initial fair value of assets and liabilities recognised as a result of the Mukuyu acquisition are as follows:

	2 July 2018 \$'000
Assets	
Cash at bank	17
Receivables	46
Exploration and evaluation asset	552
Property plant and equipment	92
Liabilities	
Trade and other payables	(292)
Tax liabilities	(5)
Fair value of net assets acquired	410

6. Exploration and Evaluation Expenditure Assets

	31 December 2018 \$'000	30 June 2018 \$'000
Exploration & evaluation expenditure assets	7,247	6,700
<i>Reconciliation of exploration & evaluation expenditure assets</i>		
Carrying amount at the beginning of the half-year	6,700	6,700
Mukuyu acquisition	552	-
Foreign currency movement	(5)	-
Carrying amount at the end of the half-year	7,247	6,700

Impairment assessment

The Written Laws (Miscellaneous Amendments) Act and the Mining (Mineral Rights) Regulations 2018 (**Regulations**), as they relate to mining rights, included a provision that all retention licences issued prior to the date of publication of the Regulations are cancelled and cease to have legal effect. The Group's interest in the Ntaka Hill Project has been held in the form of a retention licence (**Ntaka Hill Retention Licence**).

Owing to provisions contained in the regulations, some uncertainty exists as to the Group's tenure at Ntaka Hill. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources an indication of impairment may exist if the right to explore in the specific area has expired during the period and is not expected to be renewed. The Group has been engaged in discussions with the Tanzanian Government and has made a submission on the history of Ntaka Hill, the benefits of the tenure, previous investment and recommendations on how to proceed on a basis that is in the interests of all parties, including the conversion of the Retention License to an alternative form of license. To date, the Group has received no formal correspondence or notification from the Government of Tanzania.

The Group has also made an application for a Prospecting License over the area covered by the Retention Licence. The Group has been engaged in constructive dialogue with the Government of Tanzania and will continue to do so.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

7. Trade and Other Payables

	31 December 2018 \$'000	30 June 2018 \$'000
Trade creditors	251	167
Accrued expenses	131	27
Other creditors	-	69
Carrying amount at the end of the half-year	382	263

Included in accrued expenses for the six months ended 31 December 2018 is \$81,778 payable to Clayton Utz, the legal counsel for the former Directors and Officers of the Company's former subsidiary Termite Resources NL ("**Termite**"). The costs are in relation to the claim outlined in the contingent liabilities note in the financial statements for the year ended 30 June 2018. The Directors and Officers insurance policy has covered all legal costs incurred by the Directors and Officers in connection with the claim up to the half-year ended 31 December 2018. Given the insurance policy has responded and reimbursed all costs to date a corresponding receivable of an equal amount has been recognised in trade and other receivables in the statement of financial position as at 31 December 2018.

Included in the balance of trade creditors above is an amount of US\$100,000 payable by Mukuyu under an existing shareholder agreement. The Company is currently challenging the validity of this agreement with a Malian court date set for a date post the issue of this report.

8. Loans and borrowings

Convertible note	300	-
Carrying amount at the end of the half-year	300	-

During the period, the Company entered into an unsecured loan agreement for up to \$1,000,000 with Michael George Fotios and associated entities ("**Loan Agreement**"), the Company's major shareholder. The Company has completed drawdowns totalling \$0.3 million under the Loan Agreement, with a balance of \$0.7 million undrawn.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

9. Contributed Equity

	31 December 2018		30 June 2018	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	95,686,807	12,587	79,053,677	11,645
(b) Movement in fully paid Ordinary Shares				
	Number of shares	\$'000	Number of shares	\$'000
Balance as at 1 July	79,053,677	11,645	53,872,727	10,053
Issue of shares, net of costs ⁽¹⁾	9,633,130	532	21,042,685	1,297
Shares issued under the Employee Share Scheme	500,000	-	3,488,265	295
Shares issued as consideration for Mukuyu	6,500,000	410	650,000	-
Balance as of 31 December 2018 / 30 June 2018	95,686,807	12,587	79,053,677	11,645

⁽¹⁾ 31 December 2018: Issue of 9,633,130 shares at a price of 6 cents per share under a 10 for 17 shareholder entitlement offer between 16 July 2018 and 16 August 2018.

Dividends: There were no dividends paid, recommended or declared during the current half or previous financial year.

10. Contingent Liabilities

On 2 July 2018, Indiana completed the acquisition of Mukuyu. Mukuyu is the owner of interests in two highly prospective gold exploration licences in western Mali, Koussikoto Ouest, in which it holds 75% and Kenieko, in which it holds 95%, with the remaining interest in both licences being held by local partners.

Deferred consideration to be recognised in future financial reporting periods contingent on hurdles being completed satisfactorily that meet the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves are:

- 10,000,000 shares on the delineation of a mineral resource of 500,000 ounces of gold on the Mukuyu projects, subject to at least 250,000 ounces being in the category of Indicated Resources; and
- 12,500,000 shares and 6,500,000 options with an exercise price of \$0.20 and a term of four years from date of issue, on the delineation of a mineral resource of 1,000,000 ounces of gold on the Mukuyu projects, subject to at least 500,000 ounces being in the category of Indicated Resources.

Other than the contingent liabilities disclosed above there have been no change to the contingent liabilities disclosed in the 30 June 2018 Annual Report.

11. Commitments

As part of the Mukuyu acquisition, the Group has committed to spend \$2m on the project within 12 months of the acquisition date.

Other than the commitment disclosed above there have been no change to the commitments disclosed in the 30 June 2018 Annual Report.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

12. Operating Segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers, being the Board and Executives.

The Group operates in the resources industry. The Group has operating segments in Tanzania and Mali, which represents all the Group's exploration assets. The Groups reportable segments in accordance with AASB 8 Operating Segments are as follows:

- Exploration – Group's exploration carried out in Tanzania;
- Exploration – Group's exploration carried out in Mali; and
- Unallocated – to manage the corporate affairs of the Group.

13. Subsequent Events

On 8 February 2019, the Company entered into a non-binding term sheet for a joint venture with Altus Strategies Plc. Subject to entering into a definitive agreement with Altus, Indiana will have the option to earn up to an 85% interest in Legend Mali Inc., a wholly owned subsidiary of Altus, which holds a 100% interest in the Lakanfla and Tabakarole gold projects located in western and southern Mali respectively. Altus is a London (AIM: ALS) and Toronto (TSX-V: ALTS) listed entity, focused on exploration project generation in Africa.

On 14 February 2019, the Company received subscriptions to purchase 7,000,000 fully paid ordinary shares at \$0.05 cents per share to raise \$0.35 million, through a placement to professional investors. Subscriptions to purchase a further 3,000,000 fully paid ordinary shares at \$0.05 cents per share to raise \$0.15 million, through a placement to professional investors were received in March 2019. Details of these subscriptions were set out in the Cleansing prospectus that was lodged with ASIC and ASX on 13 March 2019.

INDIANA RESOURCES LIMITED

Directors Declaration

In accordance with a resolution of the Directors of Indiana Resources Limited (the "Directors"), in the opinion of the Directors:

- (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001* and:
 - (i) give a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the Group; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (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.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



Bronwyn Barnes
CHAIRMAN
PERTH, WA

13 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INDIANA RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Indiana Resources Limited which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indiana Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 Indiana Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Indiana Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

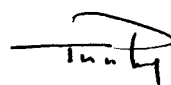
We draw attention to Note 2(a), which indicates that the consolidated entity incurred a loss of \$1,274,000 and had net cash outflows from operating activities of \$1,338,000 for the half-year ended 31 December 2018 and as of that date, the consolidated entity had net current liabilities of \$203,000. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matter - Capitalised Exploration and Evaluation Expenditure Assets

We draw attention to Note 6, which describes the possible effect on the retention licence in the Ntaka Hill Project held by the consolidated entity as a result of The Written Laws (Miscellaneous Amendments) Act and the Mining (Mineral Rights) Regulations 2018, which were published in January 2018 by the United Republic of Tanzania. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2019