

INDIANA RESOURCES LIMITED

ABN 67 009 129 560

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2017



INDIANA RESOURCES LIMITED

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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 2017 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)
Mr Campbell Baird (Managing Director) (resigned 12 September 2017)
Dr Derek Fisher
Mr Bruce McFadzean (Non - Executive Director)

Company Secretary

Mr Stuart McKenzie

Registered Office

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Share Register

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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 2017.

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 this entire period unless otherwise stated.

Non-Executive

Ms Bronwyn Barnes (Non-Executive Chairman)

Dr Derek Fisher

Mr Bruce McFadzean

Executive

Mr Campbell Baird (Managing Director) (resigned 12 September 2017)

Company Secretary

Mr Stuart McKenzie

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 2017 was \$0.99 million (2016: \$1.11 million). The result for the half-year is attributable to:

- (1) Corporate and administration costs of \$0.48 million (2016: \$0.64 million);
- (2) Share based payment of \$0.21 million (2016: \$0.08 million); and
- (3) Exploration costs of \$0.21 million (2016: \$0.42 million).

Option to acquire Mali Gold Project

Subsequent to period end the Company reached agreement on a detailed term sheet (“**Term Sheet**”) which provided for the acquisition of Mukuyu Resources Limited (“**Mukuyu**”), the owner of interests in two highly prospective gold exploration licences in western Mali (“**Mukuyu Assets**”).

Mukuyu Resources Limited

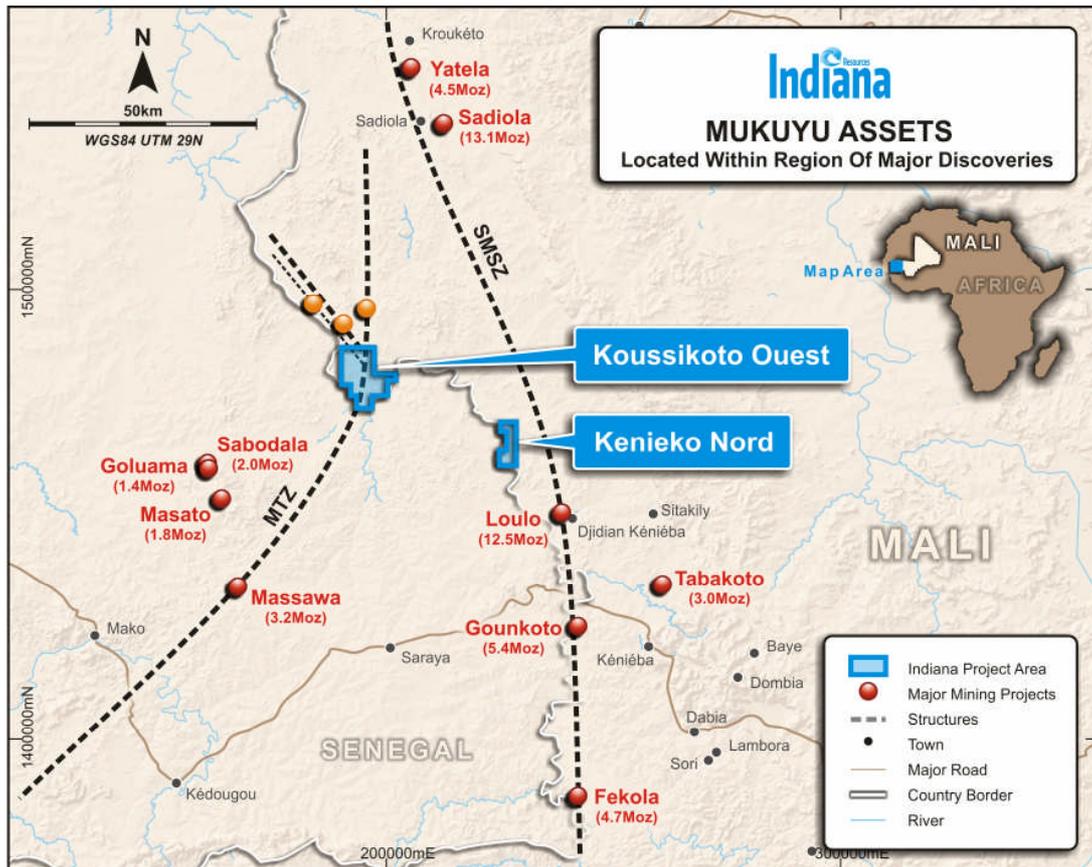
Mukuyu is a private company that has been focused on exploring the Mukuyu Assets in Mali since 2013. The Mukuyu Assets comprise two exploration permits at Koussikoto Ouest and Kenieko Nord (total area of 126km²), located in the prolifically gold mineralised Kenieba Province of western Mali, approximately 550 km west of the capital city of Bamako (Figure 1).

INDIANA RESOURCES LIMITED

Director's Report

Licence No	Site Location Name	Registered Holder	Area (km ²)	Mukuyu Interest
3201/MM-SG	Koussikoto Ouest	Olive Mining Sarl	100	75%
2015-/MM-SG	Kenieko Nord	Lucky Miners	26	95%

Figure 1 – Mukuyu Project Areas Located in Attractive Regional Setting



World-class gold deposits occur throughout the Kenieba Province, including Sadiola (13.1 Moz) and Loulo (12.5Moz), and there is a long history of artisanal gold mining in the region. Mali is the third largest gold producing country in Africa, hosting multiple operating gold mines (exploiting numerous individual deposits) along with a number of gold mines in the development stage.

The **Koussikoto Ouest** permit (100km²) straddles a regionally significant structure referred to as the Main Transcurrent Zone (MTZ) in the far west of the Kenieba Province, along strike from the Massawa (+3Moz) and Sabodala (+2Moz) Gold Deposits in Senegal (Figure 1).

Exploration work at Koussikoto Ouest has focused on the northern portion of the permit (Figure 2) where soil geochemistry surveys, geophysics, trenching and drilling have been completed (Figure 3, Figure 4).

A number of broad gold-in-soil anomalies were delineated, with subsequent trenching returning results such as **22m @ 3.29 g/t Au** and **15m @ 2.29 g/t Au**. Shallow follow up drilling beneath these trenches intersected **high grade gold mineralisation**, including **18m @ 3.35 g/t Au** and **4.5m @ 18.55 g/t Au**.

INDIANA RESOURCES LIMITED

Director's Report

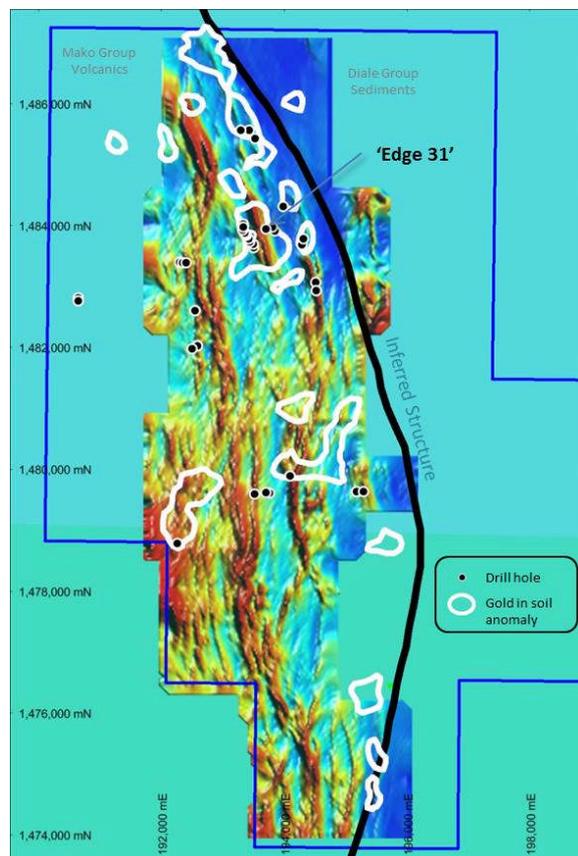
In total, 49 holes for 5,068 metres of drilling have been undertaken on the northern portion of the Koussikoto Ouest property. The drilling to date, which sporadically targeted small sections of an extensive 4km long gold trend, provides significant encouragement for the discovery of potentially economic gold deposits along trend. In addition, multiple untested anomalies occurring more broadly on the project area call for detailed drill follow-up and a significantly expanded exploration program on the balance of the property.

Gold prospective rocks along the eastern side of the Kenieba Province are transected by a NNW-SSE trending strike-slip fault known as the Senegal-Malian Shear Zone (SMSZ). This structure is present over a strike length of more than 500km. The Sadiola (13Moz), Yatela (+4Moz), Loulo (+12Moz) and Fekola (+4Moz) gold deposits are related to this major structure (Figure 1).

The Kenieko Nord permit is located in proximity to the SMSZ, to the north of the Loulo Gold Mine Camp (+12Moz; Randgold Resources – see Figure 1). The property is bounded to the west by the Faleme River, defining the border between Mali and Senegal. Soil sampling, which appears to be incomplete over the permit area, is the only work done to date. Indiana considers the regional geological setting, combined with the early positive results from the soil sampling, to be highly encouraging for gold, and believes an expanded exploration program is warranted to define targets for drill testing.

As part of its due diligence, the Company intends to undertake a comprehensive compilation and review of the available data and on satisfactory completion of due diligence will commence a program of field reconnaissance.

Figure 2 – Koussikoto Ouest: drill holes with gold-in-soil anomalies over IP resistivity image



INDIANA RESOURCES LIMITED
Director's Report

Figure 3 – Koussikoto Trenching



Figure 4 – Koussikoto Drilling (Core from hole MOKDD0040)



The Term Sheet

The commercial terms of the Term Sheet are summarised below. Provisions of the Term Sheet relating to matters such as the grant of the option, the due diligence process and specified other matters are binding, but otherwise the Term Sheet is non-binding.

1. Mukuyu is a proprietary exploration company and is the legal and beneficial owner of interests in two exploration permits at Koussikoto Ouest (75% interest via Olive Mining SARL) and Kenieko Nord (95% interest via Lucky Miners) covering a total area of 126km², located in the Kenieba Province of western Mali.
2. Pursuant to the terms of the Option Agreement, Mukuyu has agreed to grant the Company an exclusive 21-day option ('**Option**') to conduct due diligence on Mukuyu and the Mukuyu Assets for the purpose of determining whether to purchase 100% of the fully paid ordinary shares in the capital of the Mukuyu (free from encumbrances), including Mukuyu's interests in the Assets (**Acquisition**).
3. The consideration for the Option will be made through the issue of 650,000 fully paid ordinary shares in the capital of the Company. These shares will be issued, without shareholder approval, within 3 business days of the date of the Option Agreement.

INDIANA RESOURCES LIMITED

Director's Report

4. Upon successful completion of due diligence and exercise of the Option, the Company will issue 6,500,000 fully paid ordinary shares in the capital of the Company ('**Consideration Shares**') to acquire all of the issued capital in Mukuyu.
5. Mukuyu shareholders have agreed to voluntarily escrow the Consideration Shares for a period of 12 months from settlement of the Acquisition ('**Settlement**').
6. Subject to exercising the Option, Indiana has agreed to spend A\$2 million on the Mukuyu Assets on exploration (including expenditure on tenement rentals, maintaining the tenements in good standing and administration in Mali) within 12 months from Settlement.
7. In addition, Indiana has agreed to pay deferred consideration (subject to any required regulatory approvals), linked to the discovery of mineral resources (that meet the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) as follows:
 - 10,000,000 shares on the delineation of a mineral resource of 500,000 ounces of gold on the Mukuyu Assets, 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 4 years from date of issue, on the delineation of a mineral resource of 1,000,000 ounces of gold on the Mukuyu Assets, subject to at least 500,000 ounces being in the category of Indicated Resources.
8. An introductory fee of 500,000 fully paid ordinary shares and 500,000 options with an exercise price of \$0.20 and a term of 4 years from date of issue, will be issued to an unrelated party.

Exploration in Tanzania

Exploration in Tanzania was put on hold, pending clarification of the implications of legislation relating to the legal and regulatory framework for the natural resources sector in Tanzania that was passed by the Tanzanian Parliament in July 2017 (the "**July 2017 Legislation**").

Owing to the suspension of exploration activity in Tanzania and the focus on acquisition of a suitable project outside Tanzania, Mr Campbell Baird, whose primary role was to advance the Company's Tanzanian projects, agreed to step down on 12 September 2017.

Exploration carried out early in the period confirmed the prospectivity of the Naujombo South gold target.

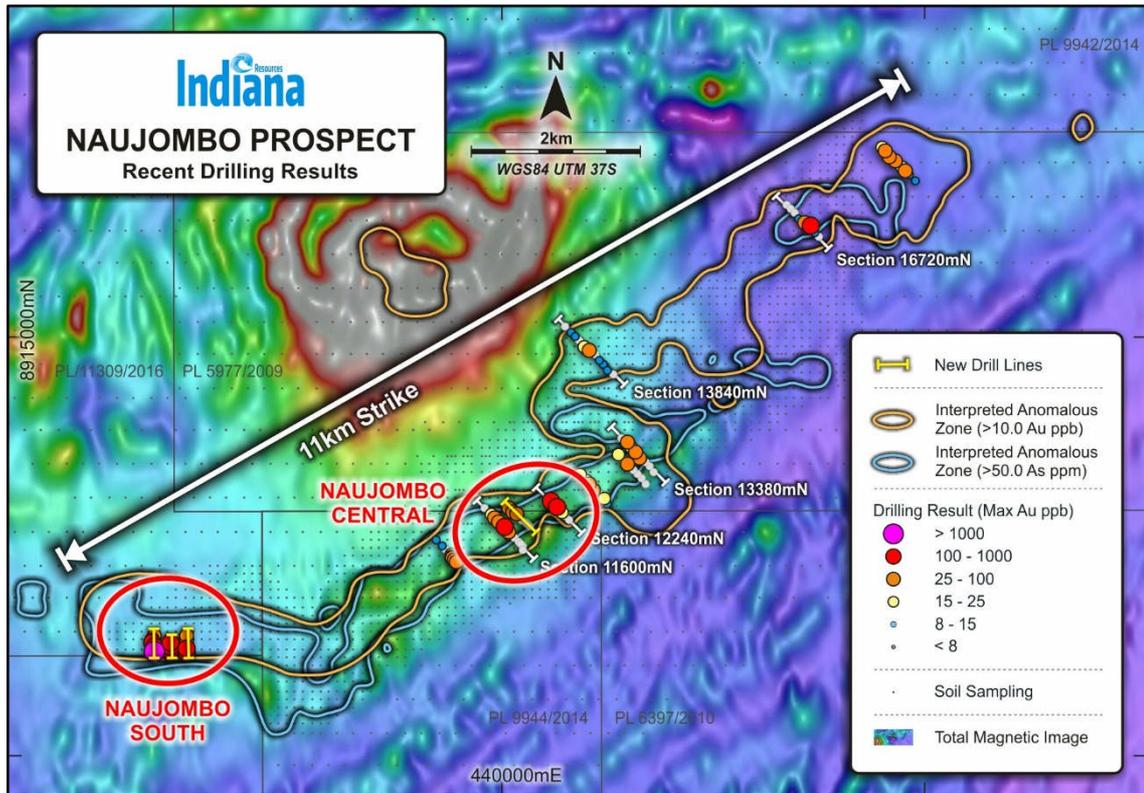
The Naujombo South drilling program consisted of 17 holes, with three lines of holes completed before the program was halted due to the enactment of the July 2017 Legislation. These lines were spaced over 600m of strike and gold anomalism was detected on all three lines. The widest zone of anomalism was over 140m and remains open to the east, west and south. Three holes in particular, intersected strong levels of anomalous gold mineralisation (Figure 5) (see ASX announcement 4 August 2017):

- NAC17-014: 3m @ 1.01 g/t Au from 15m (within a larger 19m @ 0.293 g/t Au from 11m);
- NAC17-015: 8m @ 0.79 g/t Au from 25m (within a larger 44m @ 0.372 g/t Au from 4m); and
- NAC17-018: 3m @ 0.84 g/t Au from 16m.

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Figure 5: Drilling results at Naujombo South and Naujombo Central



The anomaly is coincident with an interpreted structural offset in the regional geology as seen in the magnetics, potentially due to a buried intrusion to the south. Such flexures in mineralised structures have a positive association with gold deposits. The geology of the Naujombo South mineralisation is dominantly mafic gneiss with sulphides present, predominately pyrite and arsenopyrite, with trace amounts of pyrrhotite. The association of sulphides with the gold anomalism opens the possibility of using geophysics (Induced Polarisation) to better target the mineralisation and inform future drilling programs.

Naujombo South is a highly prospective gold target that warrants further exploration, however with the current uncertainty associated with the July 2017 Legislation, the Company cannot justify the allocation of capital to such exploration.

Ntaka Hill

A scoping study for the Ntaka Hill Nickel Project was completed during the period. The study demonstrated the potential for a smaller scale (lower capital cost) operation, targeting the higher-grade zone of the existing resources. However, owing to the proportion of Inferred Resources in the mining schedule, the specific results of that study work could not be released as they do not meet the ASX requirements for release of Scoping Study results. With an emerging, demand driven thematic associated with the use of nickel sulphate in lithium-ion batteries, the outlook for nickel is positive and Ntaka Hill provides leverage to an improving nickel price environment.

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.

INDIANA RESOURCES LIMITED

Director's Report

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 16th January 2018 the Government of Tanzania released Mining (Mineral Rights) Regulations, 2018 of the United Republic of Tanzania (the "**Regulations**"). The Regulations, as they relate to mining rights, include a provision that all retention licenses 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 has been held in the form of a retention license. The Ntaka Hill Retention Licence was validly granted on 21 April 2015 for a period of five years. 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 it was not offered an alternative class of licence.

Indiana recently lodged a submission to the Ministry of Minerals with respect to the Ntaka Hill Retention Licence and expects to engage with the Government in due course to resolve the uncertainty created by the cancellation of Retention Licenses.

On 15 December 2017, the Company announced a 1 for 3 non-renounceable entitlement offer ("**Entitlement Offer**"). The number of shares offered under the Entitlement Offer was 17,957,575 at a price of \$0.065 per share. The Entitlement Offer closed on 19 January 2018, with the Company having received acceptances of 7,244,685 shares for proceeds of \$470,906. This resulted in a shortfall of 10,712,890 shares ("**Shortfall Shares**").

As of the date of this report 8,498,000 of the Shortfall Shares have been placed for proceeds of \$552,370. In addition, the Company has received firm commitments for the placement of a further 5,300,000 shares, comprised of Shortfall Shares and shares to be issued using the Company's share issuance capacity under Listing Rule 7.1 ("**Placement Shares**"), which when completed will raise a further \$344,500. Proceeds from the placement of the Shortfall Shares and the Placement Shares amount to \$896,870. Total proceeds from the Entitlement Offer and placement of the Shortfall Shares and Placement Shares is \$1,367,776 before costs.

On 1 March 2018 the Company announced it had secured the option to acquire Mukuyu Resources Limited, who holds interests in two highly prospective exploration licenses covering a total area of 126km² located in the prolific gold mineralised region of western Mali. The Company's 21 day option commenced on 27 February 2018 for consideration of 650,000 fully paid ordinary shares. Subject to satisfactory due diligence, the Company may acquire the share capital of Mukuyu for 6,500,000 fully paid ordinary shares. Full details of the transaction can be found in the Directors Report in the Review of Operations.

COMPETENT PERSON'S STATEMENT

Information in this interim report relating to exploration results at the Naujombo Project, located on the Company's tenement package in south-east Tanzania, is based on data collected under the supervision of Mr Mathew Perrot, in his capacity as Exploration Manager. Mr Perrot, BSc, is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person in terms of JORC 2012. Mr. Perrot has verified the data underlying the information contained in this interim report and approves and consents to the inclusion of the data in the form and context in which it appears. The relevant announcements to which information in this interim report on exploration results at Naujombo relate are referenced in the interim report. Indiana confirms that it is not aware of any new information or data that materially affects the information included in those relevant 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 2017. 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.

A handwritten signature in black ink that reads "Bd Barnes." The signature is written in a cursive, flowing style.

Bronwyn Barnes
CHAIRMAN
PERTH, WA

15 March 2018

RSM Australia Partners

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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 2017, 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: 15 March 2018

INDIANA RESOURCES LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2017

	Notes	31 DECEMBER 2017 \$'000	31 DECEMBER 2016 \$'000
Other income		4	138
Business development costs		-	(41)
Corporate and administration expenses		(482)	(638)
Depreciation		(46)	(59)
Exploration and evaluation expenses		(210)	(428)
Share based payments		(206)	(85)
Other expenses		(45)	-
LOSS BEFORE TAX		(985)	(1,113)
Income tax benefit		-	-
NET LOSS FOR CONTINUING OPERATIONS		(985)	(1,113)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences, net of tax		(40)	(127)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,025)	(1,240)
Net Loss is attributable to:			
Owners of Indiana Resources Limited		(985)	(1,113)
Non-controlling interest		-	-
		(985)	(1,113)
Total Comprehensive Loss is attributable to:			
Owners of Indiana Resources Limited		(1,025)	(1,240)
Non-controlling interest		-	-
		(1,025)	(1,240)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)		(1.8)	(3.1)
Diluted loss per share (cents)		(1.8)	(3.1)

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 2017

	Notes	31 DECEMBER 2017 \$'000	30 JUNE 2017 \$'000
CURRENT ASSETS			
Cash and cash equivalents		335	1,063
Trade and other receivables		479	511
TOTAL CURRENT ASSETS		814	1,574
NON-CURRENT ASSETS			
Exploration and evaluation expenditure assets	5	6,700	6,700
Plant and equipment		175	221
TOTAL NON-CURRENT ASSETS		6,875	6,921
TOTAL ASSETS		7,689	8,495
CURRENT LIABILITIES			
Trade and other payables	6	534	517
Provisions		-	4
TOTAL CURRENT LIABILITIES		534	521
TOTAL LIABILITIES		534	521
NET ASSETS		7,155	7,974
EQUITY			
Contributed equity	7	10,053	10,053
Reserves		5,195	5,024
Accumulated losses		(9,017)	(8,032)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		6,231	7,045
Non-controlling interest		924	929
TOTAL EQUITY		7,155	7,974

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 2017

	31 DECEMBER 2017 \$'000	31 DECEMBER 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other receipts	5	143
Payments to suppliers and employees	(497)	(875)
Receipt of research and development rebate	-	458
Payment of exploration expenditure	(232)	(616)
Net cash outflow from operating activities	<u>(724)</u>	<u>(890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	-	(8)
Net cash outflow from investing activities	<u>-</u>	<u>(8)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,440
Direct costs of equity issued	-	(87)
Net cash inflow from financing activities	<u>-</u>	<u>1,353</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(724)	455
Opening cash and cash equivalents brought forward	1,063	685
Effects of exchange rate movements on opening cash	(4)	(1)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>335</u>	<u>1,139</u>

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 2017

	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 2016	7,484	4,719	987	(939)	(5,055)	939	8,135
Total Other Comprehensive Income for half-year							
Loss for the half-year	-	-	-	-	(1,113)	-	(1,113)
Foreign exchange translation differences	-	(127)	-	-	-	-	(127)
	-	(127)	-	-	(1,113)	-	(1,240)
Transactions with owners in their capacity as owners:							
Issues of shares net of transaction costs	1,313	-	-	-	-	-	1,313
Equity attributed to minority	-	-	-	5	-	(5)	-
Contractor share based payments	-	-	77	-	-	-	77
Employee share based payments	-	-	85	-	-	-	85
Balance at 31 December 2016	8,797	4,592	1,149	(934)	(6,168)	934	8,370
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

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 2017 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 2017 are available online at www.indianaresources.com.au or upon request from the Company’s registered office located at Suite 4, Level 1, 2 Richardson Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 15 March 2018.

2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2017 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 2017.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2017 and considered together with any public announcements made by Indiana during the half-year ended 31 December 2017 in accordance with the Company’s continuous disclosure obligations.

3. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Company’s Annual Financial Report for the financial year ended 30 June 2017.

At 31 December 2017 and for the half-year then ended, there were no new accounting standards or amendments to accounting standards which impacted on the Group’s interim financial report. The Group did not early adopt any accounting standards or amendments to accounting standards which have been finalised but are not yet effective.

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 and liabilities, income and expense. 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 2017.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

5. Exploration and Evaluation Expenditure Assets

	31 December 2017 \$'000	30 June 2017 \$'000
Exploration & evaluation expenditure assets	<u>6,700</u>	<u>6,700</u>
<i>Reconciliation of exploration & evaluation expenditure assets</i>		
Carrying amount at the beginning of the half-year	6,700	6,700
Carrying amount at the end of the half-year	<u>6,700</u>	<u>6,700</u>

6. Trade and Other Payables

Trade creditors	104	180
Accrued expenses	430	337
Carrying amount at the end of the half-year	<u>534</u>	<u>517</u>

Included in accrued expenses for the six months ended 31 December 2017 is \$362,790 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 2017. 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 2017. 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 2017.

7. Contributed Equity

	31 December 2017		30 June 2017	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	53,872,727	10,053	53,872,727	10,053
(b) Movement in fully paid Ordinary Shares				
	Number of shares	\$'000	Number of shares	\$'000
Balance as at 1 July	53,872,727	10,053	31,337,216	7,484
Issue of shares, net of costs ⁽¹⁾	-	-	22,535,511	2,569
Balance as of 31 December 2017 / 30 June 2017	<u>53,872,727</u>	<u>10,053</u>	<u>53,872,727</u>	<u>10,053</u>

30 June 2017

⁽¹⁾ 30 June 2017: Issue of 12,000,966 shares at a price of 12 cents per share under a share placement and share purchase plan between 22 August 2016 and 16 September 2016.

Issue of 10,534,545 shares under a share placement offer at a price of 12 cents per share between 11 April 2017 and 26 April 2017.

INDIANA RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements

8. Contingent Liabilities

There has been no change in the contingent liabilities noted in the financial statements for the year ended 30 June 2017.

9. 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's only operating segment is exploration in Tanzania, 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; and
- Unallocated – to manage the corporate affairs of the Group.

10. Subsequent Events

On 16th January 2018 the Government of Tanzania released Mining (Mineral Rights) Regulations, 2018 of the United Republic of Tanzania (the "**Regulations**"). The Regulations, as they relate to mining rights, include a provision that all retention licenses 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 has been held in the form of a retention license. The Ntaka Hill Retention Licence was validly granted on 21 April 2015 for a period of five years. 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 it was not offered an alternative class of licence.

Indiana recently lodged a submission to the Ministry of Minerals with respect to the Ntaka Hill Retention Licence and expects to engage with the Government in due course to resolve the uncertainty created by the cancellation of Retention Licenses.

On 15 December 2017, the Company announced a 1 for 3 non-renounceable entitlement offer ("**Entitlement Offer**"). The number of shares offered under the Entitlement Offer was 17,957,575 at a price of \$0.065 per share. The Entitlement Offer closed on 19 January 2018, with the Company having received acceptances of 7,244,685 shares for proceeds of \$470,906. This resulted in a shortfall of 10,712,890 shares ("**Shortfall Shares**").

As of the date of this report 8,498,000 of the Shortfall Shares have been placed for proceeds of \$552,370. In addition, the Company has received firm commitments for the placement of a further 5,300,000 shares, comprised of Shortfall Shares and shares to be issued using the Company's share issuance capacity under Listing Rule 7.1 ("**Placement Shares**"), which when completed will raise a further \$344,500. Proceeds from the placement of the Shortfall Shares and the Placement Shares amount to \$896,870. Total proceeds from the Entitlement Offer and placement of the Shortfall Shares and Placement Shares is \$1,367,776 before costs.

On 1 March 2018 the Company announced it had secured the option to acquire Mukuyu Resources Limited, who holds interests in two highly prospective exploration licenses covering a total area of 126km² located in the prolific gold mineralised region of western Mali. The Company's 21 day option commenced on 27 February 2018 for consideration of 650,000 fully paid ordinary shares. Subject to satisfactory due diligence, the Company may acquire the share capital of Mukuyu for 6,500,000 fully paid ordinary shares. Full details of the transaction can be found in the Directors Report in the Review of Operations.

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 consolidated entity are in accordance with the *Corporations Act 2001* and:
 - (i) give a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity; 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

15 March 2018

RSM Australia Partners

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

We have reviewed the accompanying half-year financial report of Indiana Resources Limited which comprises the statement of financial position as at 31 December 2017, 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 2017 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 2017 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*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2018