



# India Resources Limited

ABN 77 121 339 704

## QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2013

### HIGHLIGHTS

#### ***Surda Mine – Copper***

The Surda Copper Mine produced 1,055 tonnes of copper metal-in-concentrate (MIC) during the June 2013 quarter as compared to 778 tonnes during the previous quarter, registering a 35.6% increase.

#### ***Project Development***

Hindustan Copper Limited (HCL) awarded a Letter of Intent for the Rakha Copper Project development contract to the consortium of India Resources Limited (IRL) and Kopex Shaft Sinking Company (Kopex) which has been accepted by the consortium. A formal contract is expected to be signed in due course.

#### ***Exploration***

#### ***Aravalli (ML 87/08)***

Crown Mining (CMPL) has requested to the Secretary (Mines), Govt. of Rajasthan for departmental prospecting work on payment basis to update prospecting data as per the UNFC (United Nations framework Classification) standard (category 1, 1, 1) as per requirement suggested by Director, Mines and Geology, Government. of Rajasthan and CMPL has also requested to be granted a conditional mining lease, if necessary, in this respect.

#### ***Corporate***

#### ***Surda Contract***

The term of the works order for the Surda copper mine contract is expected to be extended to May 2017 as recommended by a committee of HCL and IRL executives.

#### ***Surda Mine Expansion and Development Contract***

IRL and its subsidiary, IRL Copper Mining Pvt Ltd, which signed the sub-contracting agreement with Shriram EPC Limited (SEPC), for expansion and development of the Surda mine have started the work from April, 2013 and have recruited manpower of 62 workers and required senior technical personnel.

#### ***Share Valuation***

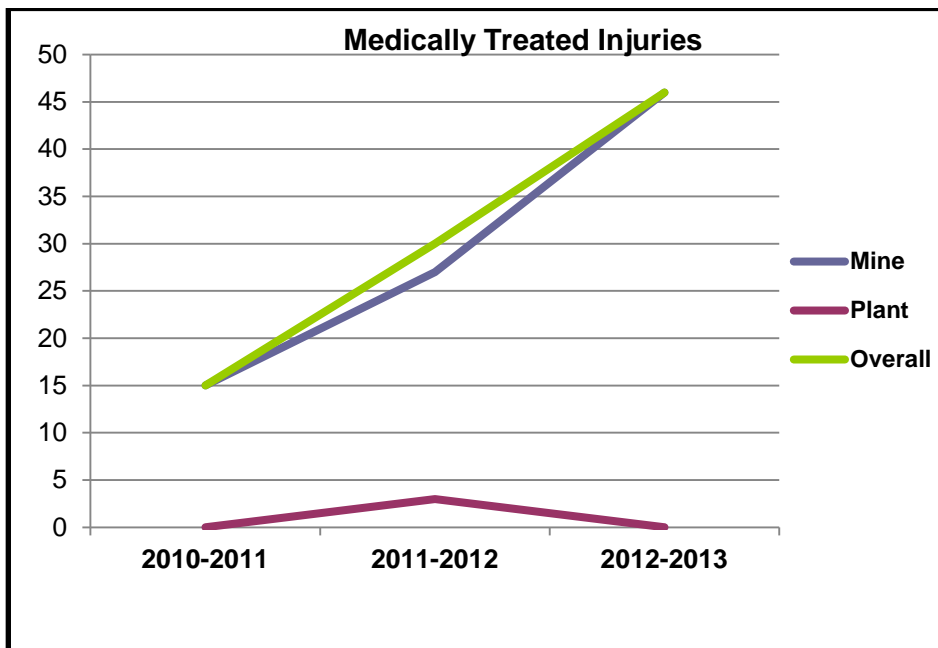
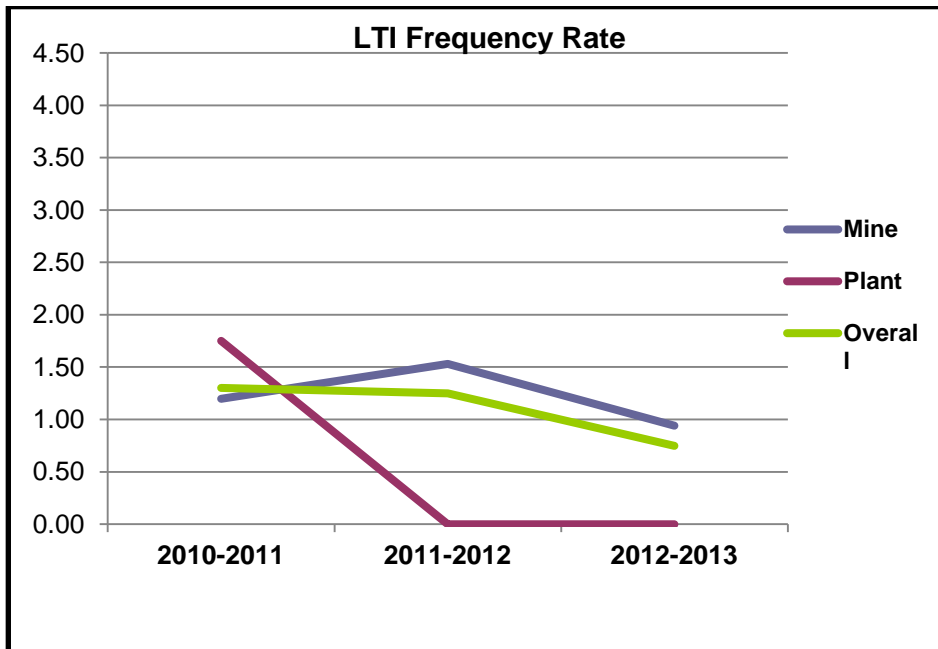
The Company engaged RSM Bird Cameron to undertake an assessment of the calculated value of ordinary equity in IRL. The report is available on the Company's web site.

## OPERATIONS REPORT

### Surda Project

#### Safety

During the quarter two Lost Time Injuries (LTI's) were recorded at the Surda Mine and eight injuries requiring Medical Treatment (MTI's) also occurred. The year to date LTI and MTI rates for the Surda operations are shown below.



## **Production**

The Surda Copper Mine produced 1,055 tonnes of copper metal-in-concentrate (MIC) during the June 2013 quarter, registering an increase of 35.6% as compared to the previous quarter production.

The Surda Mine's Level 11 development and stoping is performing according to expectations with regard to copper grade.

The copper production for the remainder of the 2013-2014 year is expected to continue to improve as a result of the following initiatives:

- Increase safety precautions related to structural faults, slip zones and joint areas implemented.
- New and improved methods of waste segregation introduced to optimize grade control.
- Channel sampling from Stopes (Blocks) 1, 660, 30, 19, 38, 11 level, 6, 18 and 32 are showing encouraging results.
- Commencement of stoping from 11 Level at 180 metres north of shaft 3.
- A stope 18 production is expected to increase due to operating in a filled broader area of the stope and also access to ore from the development of Panel 1 of the block has been made. Commenced installation of a hoisting system at level 5 to increase hoisting from 7 to 5 Level. It is located at 260 metres south of Shaft 3.
- The backfilling rate has increased due to improvements in the filling system.
- Installation of a ventilation fan at the south entrance of Block 19 to improve ventilation.
- Expansion of Block 6 from the north side of room number 1 has increased the production along with the grade of ore.
- Introduction of more equipment into Block 19 and better equipment at Level 11 including new compressors to surge consistent air pressure for higher production.

<b>Quarterly production</b>	<b>30 June 2013</b>	<b>31 March 2013</b>
Ore Mined (Tonnes)	116,076	119,595
Ore Processed (Tonnes)	140,378	99,572
Mill Feed Grade (Cu)	0.85%	0.88%
Concentrate Produced (Tonnes)	3,910	3,082
Concentrate Grade (Cu)	26.60%	25.30%
Recovery	92.52%	92.84%
Metal in Concentrate (Tonnes) – Equivalent Mined	913	975
Metal in Concentrate (Tonnes) - Dispatched	1055	778

## **Operations**

### **Surda expansion contract (Shriram EPC)**

The Surda expansion contract which has been sub-contracted to IRL Copper Mining Pvt Ltd (ICMPL), a subsidiary of IRL, which has started initial and preparatory work for the shaft sinking and development work at Surda. The company has so far recruited 62 workers and senior executives including one expatriate for execution of this project.

## **PROJECT DEVELOPMENT**

### **Business Development**

The Company presently has been focussing on two projects, located in the Indian States of Jharkhand and Odissa.

**Sukhinda Project**, Odissa- KOPEX/IRL have decided to explore, negotiate and bid jointly for the Sukhinda Project, Tata Steel. Scope of work includes Shaft Sinking and Mine Development.

## **EXPLORATION ACTIVITIES UPDATE**

### **BASE METALS – RAJASTHAN**

#### **Crown Mining Private Limited (CMPL)**

##### **Aravalli (ML 87/08)**

CMPL's appeal letter requesting a demand for justice has been forwarded by the Secretary (Mines), Rajasthan Government to the Director, Mines & Geology, to give his comments/recommendations after examining the case and the appeal.

##### **Hindoli (RP 06/2008)**

CMPL applied for the Hindoli Reconnaissance Permit (RP) to the Government of Rajasthan in 2008 for 3844 square kilometres. The proposed execution of the RP program was also presented to Department of Mines and Geology (DMG) with a copy to the Mines Secretary of Rajasthan.

The State Government after verification of the availability of the area suggested keeping the key area of base metal prospectively and reducing the improbable area, so a decision was made by IRL to keep 692 km<sup>2</sup> of the most prospective ground.

#### **IRL Exploration India Private Limited**

##### **Sathudiya PL Application No. 88/2008**

Despite the considerable efforts to persuade the State Government of Rajasthan to grant the Prospecting License (PL), the State Government cancelled the application. IRL Exploration now has now taken its right and filed a Revision Petition before the Revision Authority, Ministry of Mines, Government of India. against the cancellation order. In the meantime, an application has been made before the State Government to allow an extension of time to cover the belated application number 56/2010 filed by CMPL for the PL to protect its preferential right accrued consequent upon completion of CMPL's RP over the area.

### **COPPER- JHARKHAND**

#### **IRL Copper Mining Private Limited (ICMPL)**

##### **Badiya ML application No.08/12**

The District Forest Officer has issued a notice to ICMPL to submit the final map for the ML application including geological summary and review of previous work and known mineral resources to support the application.

### **Nandoop block, PL application, Jharkhand**

ICMPL has identified an area of 6.4 km<sup>2</sup> of land located in the villages Nandoop, Turamdih, Sundernagar, Kudada, Talsa and Purihassa in East Singhbhum for prospecting of copper. A geological report and salient features have been prepared as partial requirement before submitting a Prospecting License (PL) application.

Previous exploration by Minerals Exploration Company Limited (MECL) involved detailed geological mapping and topographical survey covering a 1.25km<sup>2</sup> area. The previous work resulted in an estimate of copper mineralisation which is under review by the Company.

### **Sohada PL application, East Singhbhum, Jharkhand**

ICMPL has identified a 777.36 hectare area prospective for copper and is submitting a PL application. The application area is located in the East Singhbhum District near the Surda copper mine.

MECL has carried out detailed geological mapping, topographical surveys and 4,000 metres of drilling in 20 boreholes. The area is located nearby to the Dhobani mine which is proximal to Mosabani and Surda sites. The work by MECL culminated in a resource estimate which is under review by the Company.

## **GOLD**

### **PL application No. 12/10 & 13/10 near the Sahaarjudi & Wamanjhari area (Jamshedpur)**

This application is progressing well with the Additional Deputy Commissioner of East Singhbhum ordering the Circle officer of Potka in the case of PL application to expedite his report and obtain the required approval.

## **CORPORATE ACTIVITIES**

The Trustee of the Swan Gold Mining Limited Creditors Trust made a distribution of \$803,954 to IRL. These funds were applied in partial satisfaction of an existing secured loan. The Swan Gold Group Trust will retain 43,723,383 shares in Swan Gold Mining Limited, of which the Company's share is approximately 9%.

The Letter of Intent for the Rakha Copper Mine development contract issued by HCL after the end of the quarter has been accepted by the Consortium of IRL and Kopex. The contract will be expected to provide solid returns over the five year term of the contract and will enable IRL to achieve strong synergies and cost benefits when combined with its existing Surda Copper Mine Contract and Surda Mine Expansion Contract. The project order value is \$45.09 million.

The Board and management of IRL believe that the future of the Company is increasingly prosperous, and as a result of much hard work by a dedicated management team over the past 5 years. In particular is the awarding of the two additional mining contracts as outlined in this report, and these underline not only the enhanced reputation with HCL but also across the broader mining spectrum in India. We are confident that additional contracts will also flow within the next twelve months and we are in the process of submitting a number of additional tenders to meet this expectation.

We are also increasingly confident that resolution of the current disputes with HCL, and as outlined in previous reports, will at least partially fall within our favour over the next several months. A positive outcome will greatly assist in relieving some historical cash flow difficulties, and equally important, provide the opportunity to upgrade outlined exploration programs.

## **Status of Legal/Arbitration cases**

### **1. Special Leave Petition filed in Supreme Court of India**

An appeal was filed against the judgement of the High Court u/s 37 of the Arbitration and Conciliation Act, 1996 regarding HCL's treatment of the contract price under the work order as if it was inclusive of taxes and levies. The appeal was admitted in September 2012 by the Appeal Court, hearings took place and a judgement was delivered by the Court wherein it stated that while it did not agree fully with the views of the Arbitrator, the Court would not interfere with the Award and judgement of the trial Court. The judgement of the Appeal Court was reviewed by IRL, and it has filed a Special Leave Petition (SLP) in the Supreme Court on 17.1.2013 challenging the judgement of the Division Bench of the High Court. A preliminary hearing took place on 1.3.2013 in which the Supreme Court ordered to issue notice to HCL to file affidavit of defence by 18.4.2013. However, HCL filed the reply on in the last week of April, 2013. Thereafter, the Court was closed for summer vacation and has opened on 1.7.2013. The SLP has been listed for hearing on 2<sup>nd</sup> August, 2013

### **2. Arbitration on reduction of contract price by HCL**

On the basis of guidelines laid-down by the Supreme Court to consider the dispute whereby HCL reduced the contract price of the work order consequent upon reduction in the rate of Excise Duty by the Government of India, the Calcutta High Court has appointed an Arbitrator who held a preliminary sitting of the Arbitration on 15.3.2013 and directed both the parties to complete all the documentation before 22.4.2013 and fixed the sitting for 22.4.2013 for cross examining the witnesses or to open the arguments by the claimant as the case may be. The arbitration is progressing well and HCL will start their counter- submissions from the 16<sup>th</sup> July, 2013.

### **3. Arbitration on Pending issues with HCL**

A Sole Arbitrator has been appointed by HCL in January, 2013 to consider four issues:

- The review and fixation of production targets in terms of Metal in Ore (MIO) instead of Metal in Concentrate (MIC), and the related imposition of Liquidated Damages (LD).
- The responsibility of the owner of the mine (HCL) to appoint statutory persons and to pay their salary.
- Non-compliance of Tax Deducted at Source (TDS) Provisions by HCL.
- The omission of a material escalation clause in the work order.

Filing of the documentations has been completed by both the parties to the Arbitration and the next sitting has been fixed for 19.4.2013 when cross examination of claimant's witness will start. The arbitration is progressing well and HCL will start their counter submissions from 11 July, 2013.

4. The Civil Suit filed by RBG Minerals Industries Limited (RBG) vs. CMPL and IRL at Udaipur remains pending, in which RBG claim that the Heads of Agreement (HOA) remains valid and that they may sign even after 30th June 2009. Presently proceedings are continuing to resolve how the issues will be framed for a hearing. The next date of hearing has been fixed on 23<sup>rd</sup> July, 2013.

5. The Company continues to consider its position regarding its claim for the reimbursement of expenditure in relation to the Prism Project from Prism Cement Ltd. A notice for appointing an Arbitrator has been sent to Prism Cement.

**Arvind Misra**  
Managing Director

*The geological and assay statements and commentary in the above report are based on information compiled by Andrew Kohler who is a member of the Australian Institute of Geoscientists. Mr Kohler has reviewed the information and has satisfied himself that the values quoted and the parameters used in the report are reasonable and accurately reflect the operations involved. Mr Kohler is a geological consultant to the Company. Mr Kohler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to quality as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kohler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10

Name of entity

**India Resources Limited**

ABN

**77 121 339 704**

Quarter ended ("current quarter")

**30 June 2013**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	2,396	9,544
1.2 Payments for (a) exploration and evaluation	-	(63)
(b) development	-	-
(c) production	(1,991)	(7,528)
(d) administration – Perth Office	(230)	(1,144)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	8
1.5 Interest and other costs of finance paid	(89)	(424)
1.6 Income taxes paid	-	-
1.7 Other: Swan Gold Creditors Trust distribution	804	854
<b>Net operating cash flows</b>	<b>892</b>	<b>1,247</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(202)	(643)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(202)</b>	<b>(643)</b>
1.13 Total operating and investing cash flows (carried forward)	690	604



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	690	604
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(675)	(781)
1.18	Dividends paid	-	-
1.19	Other: share issue expenses	-	(2)
	<b>Net financing cash flows</b>	(675)	(783)
	<b>Net increase (decrease) in cash held</b>	15	(179)
1.20	Cash at beginning of quarter/year to date	(1,994)	(1,786)
1.21	Exchange rate adjustments to item 1.20	(52)	(66)
1.22	<b>Cash at end of quarter</b> <sup>1</sup>	(2,031)	(2,031)

<sup>1</sup> Cash at the end of the quarter includes the drawn down portion of a working capital overdraft facility of \$2,245,000 which is used specifically for the day to day operations at the Surda copper mine. Refer items 3.1 and 5.3.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	33
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and director-related entities are for executive salaries, directors' fees, superannuation contributions and the provision of management services to the company.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Not applicable.

**Financing facilities available**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities: (a) Indian working capital overdraft facility <sup>1</sup>	2,258	2,245
(b) Other loan agreements	719	719
(c) Equity line facility	-	-
3.2 Credit standby arrangements	-	-

<sup>1</sup> Drawing facility based on levels of, and secured against, trade receivables and inventories at Surda mine. Available drawdown level as at 30 June 2013 was A\$2.258 million. IRL is committed to reducing the overdraft facility to 11 million INR (A\$1.987 million).

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	2,000
4.4 Administration	350
<b>Total</b>	<b>2,400</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6	48
5.2 Deposits at call	-	-
5.3 Bank overdraft	(2,245)	(2,157)
5.4 Other: term deposits used as guarantees	208	115
<b>Total: cash at end of quarter (item 1.22)</b>	<b>(2,031)</b>	<b>(1,994)</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b> Fully paid shares	655,590,776	655,590,776		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> Unsecured convertible notes				
7.6 Changes during quarter (a) Increases through issues: (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> Options over fully paid shares			<i>Exercise price</i>	<i>Expiry date</i>
	2,000,000	-	2.5 cents	30.11.13
	5,800,000	-	5 cents	30.04.14
	9,850,000	-	7 cents	30.06.14
	25,013,066	-	2.5 cents	31.12.14
	2,000,000	-	6.0 cents	30.11.15
	6,000,000	-	0.25 cents	31.12.17
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

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

Date: 30 July 2013

Print name: FRANK CAMPAGNA

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards: ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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