



India Resources Limited

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Manager Announcements
ASX Limited, Level 4, 20 Bridge Street,
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IRL SIGNS HEADS OF AGREEMENT TO DEVELOP A COAL MINE

Dear Sir/Madam

India Resources Limited (IRL) is pleased to announce the signing of a Heads of Agreement with Bankura DRI Mining Manufacturers Company Private Limited ("Bankura"). Bankura is a special purpose vehicle set up by six sponge iron manufacturers to mine coal from their Anandapur Sector, Biharinath Block in the Raniganj Coalfield, located in the state of West Bengal, India.

Under this binding Heads of Agreement, Bankura has granted to IRL's subsidiary company, IRL Coal India Pvt Ltd, the sole and exclusive right for a period of 4 months in order to finalize the technical and commercial terms in good faith with Bankura. Once those terms have been agreed, the parties will sign a long term agreement pursuant to which IRL Coal Pvt Ltd will be appointed the sole and exclusive contractor to develop two declines of 2 km each, sink two shafts of 170 and 490 metres in depth and undertake underground coal mining operations. IRL will be required to deliver coal to the pit head as per the approved mine plan. The current mine plan envisages first delivery of coal [30,000 tonnes] in the 3rd year of operation and ramping up to reach a target production of 480,000 tonnes per year in the 7th year of operation.

At this stage, it is anticipated that the capital required for the project will be funded by a combination of funds being raised through the current Share Purchase Plan, debt facilities with an Indian bank and a capital contribution from Bankura.

IRL is pleased to have been able to have secured this Heads of Agreement with Bankura and the prospect of entering India's booming coal industry.

Yours faithfully

**Arvind Misra,
Managing Director**

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About Bankura

Bankura DRI Mining Manufacturers Company Private Limited (“Bankura”) consists of six constituent companies having eleven sponge iron units presently located in the Bankura and Burdwan Districts of West Bengal. These six companies have formed a Special Purpose Vehicle (SPV) named “Bankura DRI Mining Manufacturers Company Private Limited (BDMMCPL)” and has been allocated the Anandapur Sector Biharinath block in the Raniganj Coalfield, located in the state of West Bengal, India by the Ministry of Coal, Govt of India, for raising coal for its own captive end uses in their own sponge iron plants.

The gross annual turnover of all the companies together is around INR 26000 million (AUD 680 million). The constituent companies are:

1. Concast Bengal Industries Limited (<http://www.concastispat.com>), Kolkata (CONCAST) owns and operates sponge iron plants, several rolling mills, induction furnaces, and wire drawing units.
2. Amiya Steel Pvt Ltd, Kolkata owns and operates sponge iron plants.
3. Govinda Impex Limited, Kolkata - owns and operates a sponge iron plant and a stainless steel manufacturing plant.
4. Bishan Dayal Goyal & Sons Pvt. Ltd, Kolkata owns and operates sponge iron plants, rolling mills, induction furnaces and also produce plastic and kitchenware.
5. Divya Jyoti Sponge Iron Pvt. Ltd, 14 N.S. Road, Kolkata, owns and operates a sponge iron plant.
6. Bhagwati Sponge Pvt. Ltd, Jamuria Hat, Dist Burdwan owns and operates a sponge iron plant.

The six companies together have eleven sponge iron units spread over Burdwan and Bankura districts with the production capacity of more than 400,000 tonnes per year and the need for more than 550,000 tonnes per year of coal on a regular basis. The companies plan to commission two additional sponge iron plants soon.

The Biharinath block of the Raniganj Coalfield lies about 120km north north east of IRL’s Surda Copper Project in the neighbouring state of West Bengal. It is located 10km south of Burnpur Steel City, across the Damodar River. The block is undeveloped and has been defined by 56 diamond drill holes for 27,072m of core. Good continuity is seen in the flat to very shallow dipping (zero to 5 degrees) coal seams. The mining plan is to mine up to seven coal seams, of from 1.2m to 4.3m true width, over a 10 sq km area at a depth below surface between 100 to 500m.

Coal production to grow in India

The immense coal potential in India is very well underlined in the article published by the Indian national daily newspaper The Hindu at <http://www.hindu.com/thehindu/holnus/002200907051121.htm>.