



India Resources Limited

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Manager Announcements
Company Announcements Office
ASX Limited
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Dear Sir/Madam

IRL signs Letter of Intent for a 30 year contract worth A\$500 million (approximately) to develop and operate the Biharinath Coal Mine

India Resources Limited (IRL) is pleased to announce the signing of a Letter of Intent (LOI) with Bankura DRI Mining Manufacturers Company Private Limited (Bankura). Bankura is a special purpose vehicle set up by six sponge iron manufacturers of the Bankura and Burdwan Districts to mine coal from the Anandapur Sector Biharinath block in the Raniganj Coalfield, located in the state of West Bengal, India.

Under this LOI, Bankura and IRL have agreed to mine and supply coal to Bankura at a rate per tonne of coal loaded onto Bankura's trucks. The LOI also provides for annual adjustments in prices reflecting variations in labour and other relevant indices.

As per the agreed mine plan IRL will deliver coal at a rate of 0.03 million tonnes per annum in the 3rd year and ramping to 0.48 million tonnes per annum in the 7th year of operation.

Commercial terms agreed on the base price results in an IRR of 15%. IRL will also be provided an incentive to produce more coal with an upward revision in coal price. This presents an opportunity for IRL to further improve its return.

The Biharinath block lies approximately 120 kms north north-east of IRL's Surda Copper Project in the neighbouring state of West Bengal. It is located 10 kms south of Burnpur Steel City, across the Damodar River. The block is undeveloped and has been defined by 56 diamond drill holes for 27,072 metres of core. Good continuity is seen in the flat to very shallow dipping (zero to 5 degrees) coal seams.

Bankura will advance IRL a sum of A\$1.2 million to commence final design and initial mobilisation work. IRL has six months to establish funding for the infrastructure program. The capital required for the project is to be finally determined and will be funded by a combination of current funding in place, with further capital raising and debt facilities.

Both parties have agreed for a two month time frame to sign a final contract. IRL is delighted with this agreement and the prospect of entering India's booming coal mining 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 at Bankura and Burdwan Districts. These six companies have formed a Special Purpose Vehicle (SPV) named as 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, Government 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** (refer web-site at concastispat.com), Kolkata (CONCAST) owns and operates sponge iron plants, several rolling mills, induction furnaces, wire drawing units.
2. **Amiya Steel Pvt Ltd**, Kolkata, owns and operates sponge iron plants.
3. **Govinda Impex Limited**, owns and operates sponge iron plant and stainless steel manufacturing plant.
4. **Bishan Dayal Goyal & Sons Pvt. Ltd**, Kolkata owns and operates sponge iron plants, rolling mills, induction furnaces and also the producers of plastic and kitchenware.
5. **Divya Jyoti Sponge Iron Pvt. Ltd**, Kolkata, owns and operates sponge iron plant.
6. **Bhagwati Sponge Pvt. Ltd**, Burdwan owns and operates sponge iron plant.

Six companies have 11 sponge/pig iron units spread over in Burdwan and Bankura districts with the production capacity of more than 0.40 million tonnes per year and need more than 0.55 million tonnes per year of coal on a regular basis. These companies plan to commission two additional sponge iron units soon.

Coal production to grow in India

Immense coal potential in India is very well underlined in the article published by the Indian national daily newspaper The Hindu at the following web-site:

hindu.com/thehindu/holnus/002200907051121.htm