



21 July 2010

Manager Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Option to purchase granted iron ore mining lease

The Directors of India Resources Limited (Company) are pleased to announce that the Company has entered into an option agreement to purchase a granted mining lease located within the Bonai syncline, a world class iron ore province located on the western edge of the Singhbhum Craton in Eastern India.

Under the terms of the option agreement, the Company will undertake legal and technical due diligence on the tenement over the coming months. Subject to the satisfactory outcome of the due diligence investigations, the Company will enter into various formal agreements to secure the mining and marketing rights from the vendor (Acquisition Agreement). The term of the option is for a period of six months.

The purchase consideration will comprise a total of A\$9.5 million (INR 37.5 Crores), which will be payable by the Company over a period of two years. The purchase instalments will be linked to various milestones as described below:

- 25% at the time of signing of the Acquisition Agreement.
- 55% at the time of execution (finalisation of documentation) of the Mining Lease.
- 20% upon the commencement of iron ore mining on the Mining Lease.

The prospect is located within the Bonai syncline, a world class iron ore province located on the western edge of the Singhbhum Craton in Eastern India. The area is analogous to the Pilbara iron ore province of Western Australia. The Province produces over 60 million tonnes of iron ore annually. There are many sponge iron plants and blast furnaces in the district, with good rail, roads and mining services in close proximity. Regionally the prospect is located on highly prospective ground of the Bonai Iron Ore Group rocks. The prospect contains several types of iron ore, float, kanga and in-situ haematite iron ores. Rock chip samples were taken from the surface outcrop of the in-situ haematite, giving an average of 63.2% Fe and low values for contaminants (see table). There are numerous outcrops of in-situ haematite at surface and in small pits on the prospect, which are overlain in places by float and kanga ores and alluvium/laterite.



The outcrop area within the mining lease is approximately 500m x 450m and occurs on the top of a small hill. This has allowed an estimation of dip (approximately 30 degrees to the south east) and thickness (15m). Hence the project has considerable potential to provide a significant mining project with accessible mineralisation at or near surface.

The option agreement provides the Company with an opportunity to acquire a substantial project and for the Company to establish a foothold in the world class iron ore district of the Bonai region in India. The purchase consideration for the project would be funded by a combination of equity and debt facilities.

ARVIND MISRA
Managing Director

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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 full-time employee of India Resources Limited and holds the position of Geology Manager. Mr. Kohler is 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.

Table 1: Chemical analysis of samples (locations see figure 1)

	Sample 1	Sample 2	Sample 3
Fe	63.38%	62.98%	63.20%
SiO ₂	1.20%	1.18%	1.13%
Al ₂ O ₃	0.98%	1.12%	1.10%
S	0.003%	0.006%	0.007%
P	0.012%	0.018%	0.017%

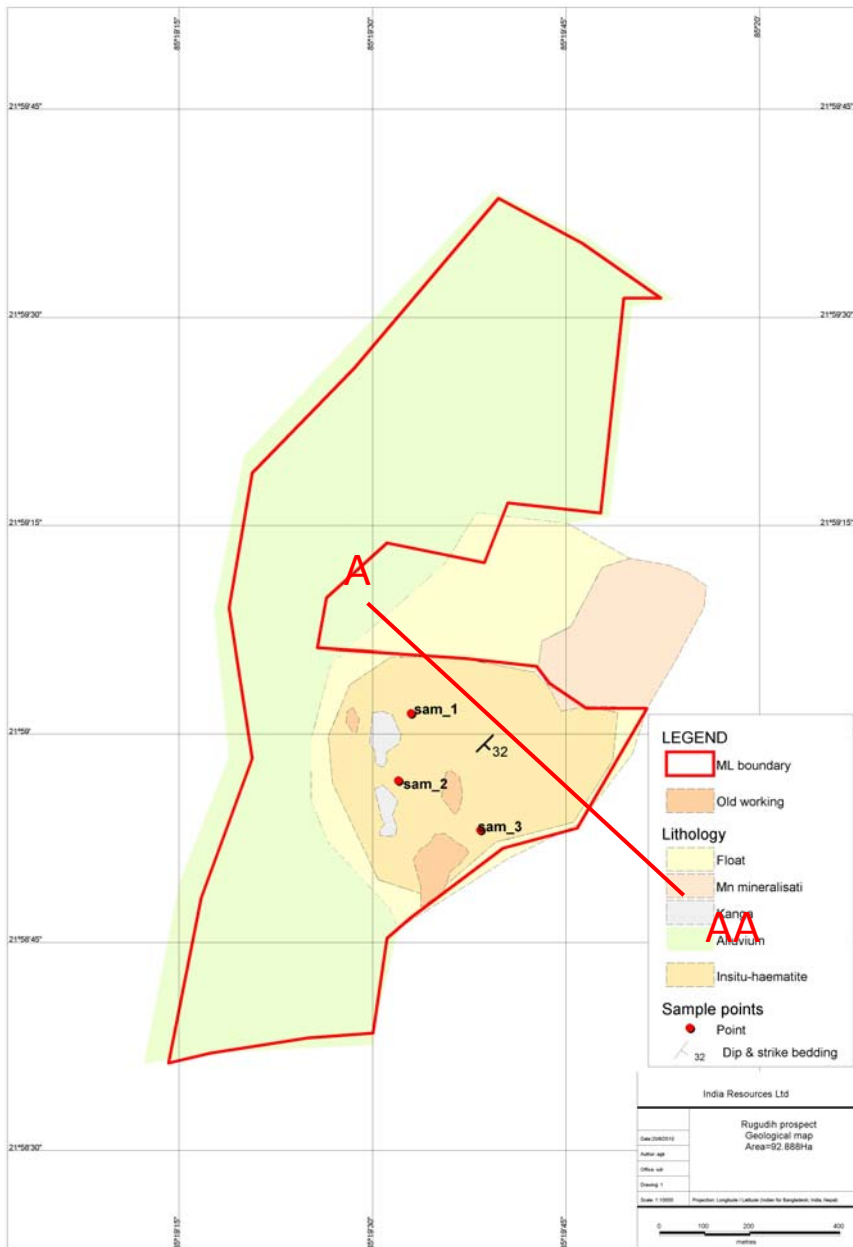


Figure 1: Geology plan of the ML area

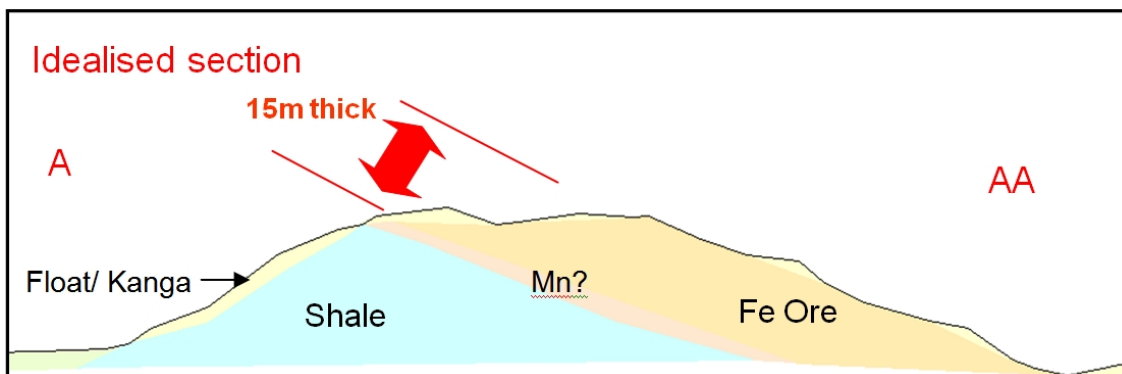


Figure 2: Idealised cross-section from A to AA