



India Resources Limited

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21 February 2011

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

Dear Sir/Madam

\$5.5 MILLION PRIVATE PLACEMENT FACILITY

The directors of India Resources Limited (Company) are pleased to advise that the Company has entered into a \$5.5 million equity funding facility (Facility) with the Chimaera Equity Market Neutral Fund (Chimaera EMN). The Facility was arranged by Empire Equity Limited, a London based private merchant bank.

Under the terms of the Facility, Chimaera EMN will subscribe for an initial placement of 31 million fully paid shares at a subscription price of 2 cents per share to raise \$620,000. This represents, approximately, an 18% premium to the closing price of the Company's shares on the date the transaction was concluded. The placement will occur in two equal tranches, with the first tranche to be completed by 25 February 2011 and the second tranche to be completed upon execution of definitive agreements for the Facility.

The Company has recently announced its intention to participate in several significant contracting opportunities presented by existing client Hindustan Copper Limited (HCL). To support its commitment to these projects the Company has entered into a Memorandum of Understanding with the Polish large mining services group, Kopex. The IRL - Kopex partnership represents a major step in positioning IRL for the expected rapid growth in the mine contracting business in India. Kopex shares a similar view on the outlook for mining services in India and the parties have agreed to jointly pursue other opportunities in addition to those presented by HCL.

With two new long term coal mine development agreements secured at the level of preferred contractor status, and the upcoming HCL contracts coupled with the established Surda Copper operation, this Facility will provide the necessary security to underpin the growth of the Company's mining contracting division.

Additionally and if required, the Company will also make use of the Facility to support the Mining License (ML) and Prospecting license (PL) applications for its Aravali project. The area covered by the applications contains minerals of potential significant value. Under Indian law the Company has a preferential right to the grant of the ML and PL by the relevant regulatory authorities.



Other than the initial placement described above, the drawdowns under the Facility are within the discretion of the Company (see attached Appendix). Although the Facility has a term of two years with a mutual option for another year, the Company can terminate the Facility at any time. Also the Facility does not restrict the Company from raising capital from other sources if more advantageous options become available.

Mr Andrew Kemp, the Investment Manager of Chimaera EMN indicated his strong support for the Company's immediate prospects, "IRL has emerged as one of the very few foreign mining services companies that can successfully operate projects located on the subcontinent. Its partnership with Kopex and the ever growing demand for raw materials in India puts the Company in a unique position to grow beyond the rate of its peers in the next few years. We also see significant untapped value in connecting resource supply from Australia with increasing demand from India."

The Company will also invite other shareholders to participate in a corresponding Share Purchase Plan (SPP). Details of the SPP will be announced shortly.

Yours faithfully

Arvind Misra
Managing Director

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Appendix – Key Terms of Facility

The Company at its sole discretion will be entitled to give notice to Chimaera EMN to subscribe for ordinary shares in the Company up to 700% of the average daily trading volume of the Company's shares in the 20 trading days immediately prior to the issue of the subscription notice. The subscription price of the shares will be the lower of:

- (a) 90% of the volume weighted average price of the Company's fully paid ordinary shares in the 15 trading days immediately after the issue of the subscription notice; or
 - (b) 130% of the average closing price of the Company's shares in the 15 trading days immediately prior to the execution of definitive agreements for the Facility,
- (collectively the Pricing Mechanism).

Other key terms of the Facility are as follows:

- (a) the term of the Facility is 2 years with the option to extend for a further 1 year by mutual agreement. The Company may terminate the Facility at any time by payment of a termination fee of \$150,000
- (b) Placements of fully paid shares made in connection with drawdowns may only be made under the Pricing Mechanism and restrictions apply to trading by Chimaera EMN during a period covered by the Pricing Mechanism.
- (c) Fees will comprise:
 - (i) a commitment fee of 3% of the Facility and may be satisfied by the issue of fully paid shares in the Company subject to shareholder approval; and
 - (ii) a subscription fee of 2% is payable on the value of each drawdown
- (d) In addition to the above fees, the Company will issue 5.8 million unlisted options over fully paid shares, exercisable at 5 cents each with a term of 3 years.
- (e) The security structure within the Facility requires that the Company issue collateral shares to Chimaera EMN equivalent to 5% of the Facility, for nil consideration. At the Facility's termination these shares shall be cancelled or returned for nil consideration. Alternatively Chimaera EMN can elect to purchase the shares at 10% discount to the prevailing market price of the shares.
- (f) Chimaera EMN has the right to nominate a person to the Board of the Company and the right to nominate a second person upon the drawdown of 50% of the Facility.

The Facility is subject to a number of condition precedents including the consent of the Company's existing financiers and the approval of shareholders. A general meeting of shareholders will be convened to seek approval of the Facility.