



## QUARTERLY ACTIVITIES REPORT QUARTER ENDED 31 DECEMBER 2010

### HIGHLIGHTS

#### ***Surda Mine - Copper***

- Copper production at the Surda Mine for the December 2010 quarter was 845 tonnes of copper metal in concentrate (MIC), which is slightly below the all time quarterly record for Surda of 855 tonnes MIC set in the September 2010 quarter.
- A new monthly production record was achieved in October 2010, with Surda production for the month reaching 327 tonnes of metal in concentrate.

#### ***New Projects***

- The Letter of Intent with Bankura DRI Mining Manufacturers Company Private Limited (Bankura) for the development of the Biharinath Coal Mine has been further extended to 30 June 2011. Bankura remains confident that it can secure the necessary approvals to enable pre-development work to commence.
- Prism Cement continues to progress government approvals for the development of the Sial Ghogri underground coal mine.
- Memorandum of Understanding entered into with KOPEX Shaft Sinking Company for joint bids for copper development contracts offered by Hindustan Copper Limited.

#### ***Exploration***

#### ***Base Metals***

- A forest clearance for the Askot Mining Licence held by Pebble Creek Mining Limited was granted. Pebble Creek entered into a confidentiality agreement with a major international company.

#### ***Diamonds***

- Application was made for a Prospecting Licence (PL) for the RP 57 area at Bundelkhand in Madhya Pradesh State.

#### ***Corporate***

- The Company received subscription funds of \$245,000 for the balance of the private share placement announced in September 2010.

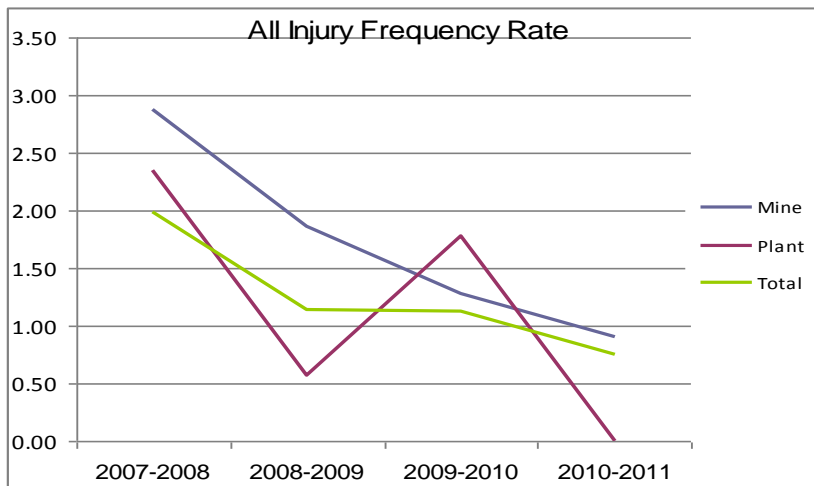
**OPERATIONS REPORT**

**Surda Project**

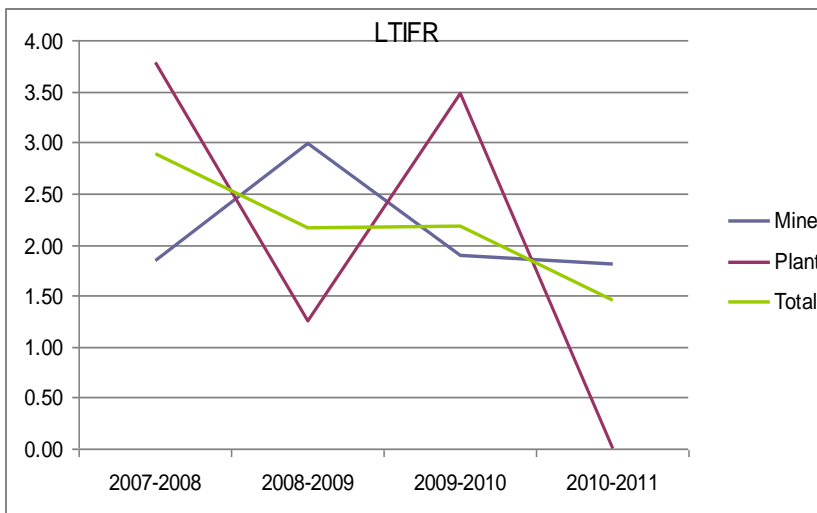
**Safety**

The combined operations of the Surda Mine and the Mosaboni Concentrator Plant reported one Lost Time Injury (LTI) for the quarter.

The graphs below represent the total company safety performance over the life of the project.



The All Injury Frequency Rate for the Surda operations for the 2010-11 calendar year was 0.90 which represents an improved performance to the 1.28 rate recorded during 2009-10. This improvement has been achieved as a result of continuous training and safety awareness amongst the Company's employees.



The Surda operations won a safety award during the Annual Safety Week conducted by the Director General of Mines and Safety, India.



*Photograph of safety award*

**Production**

The Surda Mine recorded copper production of 845 tonnes of metal-in-concentrate for the quarter. This represents a decrease of 10 tonnes from the record result in the previous quarter. Copper grades for the period were similar to the previous quarter, with the results achieved in the month of October of 0.94% copper being notably encouraging. However, a production delay at the 11 Level led to significant decreases in average grades during the months of November and December, being 0.84% Cu and 0.83% Cu respectively. The production delays at the 11 Level were due to the failure of several old pumps. The pumping system has now been augmented to a sustainable level which is expected to handle anticipated increases in production during the current quarter.

In addition to the pumping issues, production in the December quarter was also affected by the choking of ore handling systems at one of the blocks in the upper levels. This block is critical to the mine plan and production schedule. An alternate route for ore handling was established around the middle of December. Restoration of the original ore handling system is being carried out during the current quarter.

<b>Quarterly production</b>	<b>31 Dec 2010</b>	<b>30 Sep 2010</b>
Ore Mined (Tonnes)	105,492	109,349
Ore Processed (Tonnes)	106,721	106,171
Mill Feed Grade (%)	0.88	0.88
Concentrate Produced (Tonnes)	3,392	3,385
Concentrate Grade (%)	24.9	25.2
Recovery (%)	93.43	93.16
Metal in Concentrate (Tonnes)	845	855

**Surda Mine and Mosaboni Concentrator Plant**

- The grade for October 2010 was 0.94% Cu, November 2010 was 0.84% Cu and December 2010 was 0.83% Cu while milled tonnes for these months were 38,198, 31,262 and 37,261 tonnes respectively.
- Work commenced on developing a new block (#660 South) above the 5<sup>th</sup> level in the Number 3 Shaft area. Ore tonnages from this block are expected to become available during the month of February 2011. Tonnages from this block will be in addition to the current sources, which will augment overall production during the quarter.

## **NEW PROJECTS**

### **Coal Project Biharinath Coal Mine (Bankura DRI)**

The Letter of Intent (LOI) with Bankura DRI Mining Manufacturers Company Private Limited (Bankura) has been further extended to 30 June 2011. Bankura remains confident that it can secure the necessary approvals to enable pre-development work to commence.

Bankura has agreed to provide assistance in the raising of working capital funding for the Company to carry out the development and mining programmes.

### **Coal Project Sial Gorghi (Prism Cement)**

The Company's wholly owned subsidiary, IRL Coal India Pvt Ltd, is the preferred contractor for the development of the Sial Ghogri underground coal mine. In anticipation of the imminent award of Government of India approvals for the project, contract documents are in the process of being finalised and are expected to be completed in the next quarter.

### **Memorandum of Understanding**

After the end of the quarter, the Company announced that it had entered into a Memorandum of Understanding with KOPEX Shaft Sinking Company, a Polish registered mining services company, to form a consortium to submit requests for qualifications for copper development contracts offered by Hindustan Copper Limited.

## **Exploration Activities**

### **Aravalli Project - Base Metals**

The Company intends to make representations to the Indian High Court for the recognition of its preferential right to be granted a Mining Licence for the Aravalli project and to challenge the validity of competing applications.

A civil suit was filed by RBG Minerals Industries Ltd against the Company's subsidiary, Crown Mining Pvt Ltd and the Company at Udaipur, representing that the Heads of Agreement for the Aravalli project has not terminated and is still valid. The date for hearing of the case has been set for early February 2011.

### **Askot Project – Copper, Lead, Zinc, Gold (IRL 8.3%)**

India Resources holds an 8.3% shareholding in Pebble Creek Mining Limited (TSX-V: PEB), which owns 100% of the Askot poly-metallic deposit in Northern India through a subsidiary Adi Gold Mining Pvt Ltd. Adi Gold Mining has been granted a Forest Clearance for the Askot project. The Forest Clearance is the last remaining permit required in order to be granted a Mining Lease. Pebble Creek has announced that drilling of core hole 019A is completed and intersected 8.7 metres of disseminated sulphide mineralisation from 363.7 metres to 372.4 metres. Hole 019A opens up a large untested area along strike to the north-west and down dip from the previously delineated mineral resource.

Pebble Creek entered into a confidentiality agreement in December 2010 with a major international company to evaluate the Askot and other projects in order to assess any prospects of acquiring an interest in the projects.

### **Diamonds Projects**

A private Indian diamond company, Vajra Diamond Mining Private Limited (Vajra), is earning an interest in the Company's three diamond projects, Bundelkhand, Bhandara and Dharwar.

Results are awaited from prospecting and sampling surveys carried out by Vajra on the the area of Reconnaissance Permit (RP) 57 situated on the Bundelkhand project in Madhya Pradesh.

## **FINANCIAL**

Cash proceeds from the sale of copper concentrate were down by 5%, in Rupee terms, on the previous quarter, due to lower production levels and timing issues. Payments for production costs were down by 16%, in Rupee terms, on the previous quarter. Operating and investing cash outflows of \$0.607 million were offset by share placement proceeds of \$0.245 million.

During the previous quarter, the Company entered into an agreement to assign to a third party the balance of the admitted claim due from Swan Gold Mining Limited, for a cash consideration of \$1,708,404. Under the terms of the agreement, half of the cash consideration was received immediately. The balance is currently due however the Company has agreed with the third party to restructure the remaining payment such that it be paid at a later date and at a significantly higher amount.

## **CORPORATE ACTIVITIES**

The final hearing of the case filed by the Company under Section 34 of the Arbitration and Conciliation Act 1996 challenging the award of the Arbitrator in relation to the sales price in the Surda works order being inclusive of Indian excise duty, took place in late December 2010. Judgement was reserved by the Court, which is likely to be delivered during the current quarter.

The case filed under Section 11 of the Arbitration and Conciliation Act 1996 in the Calcutta High Court seeking the appointment of an Arbitrator is likely to be heard during the month of January 2011.

In November 2010, the Company received subscription funds of \$245,000 for the balance of the private share placement announced in September 2010.

The issued share capital of the Company at the end of the quarter comprised 452,574,789 listed shares and 39,317,910 unlisted options. The Company also has on issue 1 unlisted convertible note.

**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 and holds the position of Geology Manager. Mr Kohler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify 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, 1/06/10.

Name of entity

**India Resources Limited**

ABN

**77 121 339 704**

Quarter ended ("current quarter")

**31 December 2010**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	2,696	5,705
1.2 Payments for (a) exploration and evaluation	(61)	(236)
(b) development	-	-
(c) production	(2,264)	(5,094)
(d) administration – Perth Office	(568)	(963)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	11
1.5 Interest and other costs of finance paid	(171)	(206)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(359)</b>	<b>(783)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(248)	(398)
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	-	854
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(248)</b>	<b>456</b>
1.13 Total operating and investing cash flows (carried forward)	(607)	(327)

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

1.13	Total operating and investing cash flows (brought forward)	(607)	(327)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	245	592
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(4)	(172)
1.18	Dividends paid	-	-
1.19	Other : Share issue expenses	(14)	(28)
<b>Net financing cash flows</b>		227	392
<b>Net increase (decrease) in cash held</b>		(380)	65
1.20	Cash at beginning of quarter/year to date	(1,952)	(2,662)
1.21	Exchange rate adjustments to item 1.20	125	390
1.22	<b>Cash at end of quarter</b> <sup>1</sup>	(2,207)	(2,207)

<sup>1</sup> Cash at the end of the quarter includes the drawn down portion of a working capital overdraft facility of \$2,653,000 which is used specifically for the day to day operations at the Surda copper mine. Refer items 3.1(a) 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	309
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.

Issue of 32,089,551 ordinary fully paid shares upon the partial conversion of unsecured convertible notes.

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>	2,962	2,653
(b) Other loan agreements	1,500	1,500
(c) Convertible note facilities: - La Jolla (US\$0.408 million) <sup>2</sup>	401	401
3.2 Credit standby arrangements	-	-

<sup>1</sup> Drawing facility based on levels of, and secured against, trade receivables and inventories at the Surda copper mine. Available drawdown level as at 31 December 2010 was A\$2.962 million.

<sup>2</sup> On 22 September 2010, the Company announced that it had agreed to an early settlement of the convertible note facility with La Jolla Cove Investors Inc. See also 7.5 and 7.6 below.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	90
4.2 Development	-
4.3 Production	2,500
4.4 Administration	450
<b>Total</b>	<b>3,040</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	277	764
5.2 Deposits at call	169	166
5.3 Bank overdraft	(2,653)	(2,882)
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	(2,207)	(1,952)

### 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	452,574,789	452,574,789		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	1,500,000 32,089,551	1,500,000 32,089,551	1.5 cents 1.22 cents (average)	1.5 cents 1.22 cents (average)
7.5 <b>+Convertible debt securities</b> <sup>1</sup> Unsecured convertible notes: La Jolla Cove - face value US\$1.5 million	1	-	US\$407,746	US\$407,746
7.6 Changes during quarter <sup>1</sup> (a) Increases through issues: (b) Decreases through securities matured, converted	1 1	- -	US\$258,798 A\$125,000	US\$259,798 A\$125,000
7.7 <b>Options</b> <i>(description and conversion factor)</i> Options over fully paid shares	2,500,000 9,850,000 20,967,910 6,000,000	- - - -	<i>Exercise price</i> 30 cents 7 cents 2.5 cents 0.25 cents	<i>Expiry date</i> 30.06.12 30.06.14 31.12.14 31.12.17
7.8 Issued during quarter	4,250,000 5,167,910	- -	7 cents 2.5 cents	30.06.14 31.12.14
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>				

<sup>1</sup> During the quarter, La Jolla converted US\$259,798 worth of convertible notes into 20,928,837 shares. See also 3.1 above. Alexandra Resources Pty Ltd converted A\$125,000 worth of convertible notes into 11,160,714 shares.

## 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

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

Date: 27 January 2011

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards: ASX will accept, for example, the use of International Accounting 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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