

28 April 2017

Report for the Quarter ended 31 March 2017

Summary

Kishugu and Naujombo Gold Prospects

- Preparation of 2017 exploration programs for Kishugu and Naujombo almost finalised

Ntaka Hill Nickel Project

- Work on review of open pit, high-grade, low capex development options nearing completion

EXPLORATION and DEVELOPMENT

Naujombo and Kishugu Gold Prospects

During the Quarter, planning for the Company's exploration programs for the 2017 field season neared completion.

Key features of the 2017 exploration programs include:

- Soil sampling at Naujombo, Kiperere West and other regional areas to continue to identify and refine high quality targets and to improve geological and structural control;
- Drilling programs at Kishugu and Naujombo to test priority targets identified from analysis of geophysical surveys, soil sampling and field mapping data and results of the 2016 RAB drilling program; and
- Targeted drilling at Nanyindwa to test for nickel-sulphide mineralisation.

A tender process commenced late in the March Quarter and a drilling contractor is expected to be appointed in the coming weeks.

Ntaka Hill Nickel Project Review

During the Quarter, the Company made good progress on a review of the Ntaka Hill Nickel Project. The review focused on smaller scale open pit development options to determine capital and operating cost requirements and economic viability.

CORPORATE

Cash position

As at 31 March 2017, the Company had cash at bank of \$0.6 million.

Following the March Quarter, the Company issued 10,534,545 fully paid ordinary shares at \$0.12 per share to raise approximately \$1.26 million through a placement to professional and sophisticated investors (the “**Placement**”).

As part of the Placement, Indiana welcomed prominent mining investor, Investmet Limited (“**Investmet**”) as a cornerstone investor. Investmet is led by Mr Michael Fotios, a highly experienced mining executive who has created substantial shareholder value through managing and investing in a number of ASX-listed companies. Investmet and its associates hold approximately 12.1% of Indiana’s issued and outstanding shares.

Proceeds from the Placement will be used to accelerate planned exploration programs for Indiana’s Naujombo and Kishugu gold prospects in south-east Tanzania.

Business development

In addition to advancing its current projects, Indiana continues to review new opportunities. With a favourable cost structure, significant board experience and well established presence in Tanzania, the Company has a strategic advantage in accessing value adding opportunities, in particular, the acquisition of new projects in Tanzania to complement its existing assets. The Company is currently reviewing a number of opportunities to enhance its portfolio of gold exploration assets.

Requisitioned general meeting

On 22 February, 2017, the Company received a notice from BPM Capital Limited (“**BPM**”), a substantial shareholder of the Company, under section 249D of the Corporations Act 2001 (Cth) (“**Notice**”) to requisition a general meeting of the Company (the “**Meeting**”) for the purpose of proposing resolutions seeking to remove two of the Company’s directors and to replace them with two BPM-nominated appointees. BPM sought to remove Dr Derek Fisher and Mr Campbell Baird and appoint Mr Brett Montgomery and Ms Heidi Brown as their replacements.

On 12 April 2017, BPM formally notified the Company that it had withdrawn the Notice and its request that resolutions be put to the Company’s shareholders at the Meeting.

The Company incurred estimated costs of \$230,000 in connection with the Notice, of which approximately \$40,000 was incurred during the March Quarter.

TENEMENT INTERESTS

Tenements held and location

| Tenement | Ownership | Project | Location |
|------------------------------|-----------|------------|----------|
| PL 5977/2009 - Naujombo | 100%* | Nachingwea | Tanzania |
| PL 6397/2010 - Kipepere West | 100%* | Nachingwea | Tanzania |
| PL 6634/2010 - Mihumo | 100%* | Nachingwea | Tanzania |
| PL 6635/2010 - Nachingwea NW | 100%* | Nachingwea | Tanzania |
| PL 7095/2011 - Nditi | 100%* | Nachingwea | Tanzania |

| Tenement | Ownership | Project | Location |
|----------------------------------|-----------|------------|--------------------------|
| PL 9757/2014 - Mihumo West | 100%* | Nachingwea | Tanzania |
| PL 9759/2014 - Mjembe | 100%* | Nachingwea | Tanzania |
| PL 9939/2014 - Mjembe East | 100%* | Nachingwea | Tanzania |
| PL 9942/2014 - Naujombo North | 100%* | Nachingwea | Tanzania |
| PL 9944/2014 - Namarongo North | 100%* | Nachingwea | Tanzania |
| PL 10099/2014 - Nanyindwa | 100%* | Nachingwea | Tanzania |
| PL 10302/2014 - Namatutwa | 100%* | Nachingwea | Tanzania |
| RL 0017/2015 - Ntaka Hill | 86%*** | Nachingwea | Tanzania |
| PL 7226/2011 - Ntaka South | 100%*** | Nachingwea | Tanzania |
| PL 10904/2016 - Namikango North | 100%* | Nachingwea | Tanzania |
| PL 11022/2017 - Ntaka North West | 100%* | Nachingwea | Tanzania |
| PL 11049/2017 - Mtimbo | 100%* | Nachingwea | Tanzania |
| PL 11054/2017 - Naujombo West | 100%* | Nachingwea | Tanzania |
| PL 11683/2016 - Mihumo Central | 100%* | Nachingwea | Tanzania |
| PL 11685/2016 - Kishugu | 100%* | Nachingwea | Tanzania |
| Claim Block 4242 | 50% ** | St Stephen | New Brunswick, Canada |
| Claim Block 5787 | 50% ** | St Stephen | New Brunswick, Canada |

* Subject to farm-in joint venture with MMG

** Subject to 50/50 joint venture with ABE Resources

*** Subject to farm-in JV with MMG and JV transaction with Fig Tree

Tenements acquired during the Quarter

The following tenements were acquired during the March Quarter.

| Tenement | Ownership | Project | Location |
|----------------------------------|-----------|------------|----------|
| PL 11022/2017 - Ntaka North West | 100%* | Nachingwea | Tanzania |
| PL 11049/2017 - Mtimbo | 100%* | Nachingwea | Tanzania |
| PL 11054/2017 - Naujombo West | 100%* | Nachingwea | Tanzania |

The following tenements have been recommended for grant.

| Tenement | Ownership | Project | Location |
|--------------------------------|-----------|------------|----------|
| PL 11683/2016 - Mihumo Central | 100%* | Nachingwea | Tanzania |
| PL 11685/2016 - Kishugu | 100%* | Nachingwea | Tanzania |

Tenements Disposed during the Quarter

No tenements were disposed during the Quarter.



Campbell Baird
Managing Director

For further information, please contact:
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About Indiana Resources Limited

Indiana is an Australian minerals exploration company that holds a 901 km² tenement package in south-east Tanzania. The Company's tenement package hosts the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects.

To find out more, please visit www.indianaresources.com.au.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Indiana Resources Limited

ABN

67 009 129 560

Quarter ended ("current quarter")

31 March 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (238) | (812) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (106) | (345) |
| (e) administration and corporate costs* | (119) | (704) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 5 | 7 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | 458 |
| 1.8 Other* | (39) | - |
| 1.9 Net cash from / (used in) operating activities | (497) | (1,396) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 1,440 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (86) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 1,354 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,140 | 685 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (497) | (1,396) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 1,354 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 643 | 643 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 443 | 640 |
| 5.2 Call deposits | 200 | 500 |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other () | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 643 | 1,140 |

*On 22 February, 2017, the Company received a notice from BPM Capital Limited ("BPM"), a substantial shareholder of the Company, under section 249D of the Corporations Act 2001 (Cth) to requisition a general meeting of the Company for the purpose of proposing resolutions seeking to remove two of the Company's directors and to replace them with two BPM-nominated appointees. This process has generated significant additional one off costs to the Company which will be largely settled in the next quarter. The costs included preparing, printing and sending a notice of meeting to shareholders, legal costs associated with takeover panel proceedings and consulting costs to assist in the process given the Company's low level of support staff. Refer to item 9.6 for the estimated forecast which will be in addition to item 1.8 above.

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 68 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | Nil |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Managing Director's salary and Independent Directors quarterly fees.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | Nil |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | Nil |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | |
| 8.2 Credit standby arrangements | - | |
| 8.3 Other (please specify) | - | |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | (220) |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | (126) |
| 9.5 Administration and corporate costs | (182) |
| 9.6 Other | (191) |
| 9.7 Total estimated cash outflows | (719) |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|---|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | PL 11022/2017 PL 11054/2017 PL 11049/2017 | Prospecting License | nil | 100% |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 28 April 2017

Print name: Stuart McKenzie

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.