

30th July 2020

QUARTERLY ACTIVITIES REPORT

Quarter ended 30 June 2020

Indiana Resources Limited (ASX: IDA) ('Indiana' or the 'Company') is pleased to provide its Quarterly Activities report for the June Quarter 2020.

PROJECTS

Tanzania - Ntaka Hill Nickel Project – Claim to Arbitration

During the quarter a number of activities were undertaken in relation to the Claim to Arbitration against the Government of Tanzania for the Ntaka Hill Nickel Project. As the majority shareholder and Manager for the Joint Venture for the Ntaka Hill Nickel Project Indiana is leading these activities.

In April 2020 the Company announced the appointment of highly experienced international investment arbitration law firm Lalive to represent the Company's subsidiaries in the Claim to Arbitration. The appointment of Lalive followed the release of a Request for Proposal ("RFP") in March 2020 for the provision of ongoing legal advice regarding the Claim. The Company was pleased to have received competitive proposals from several experienced and highly respected international investment arbitration law firms who expressed interest in representing the companies. The Company met with all firms that presented proposals and reviewed all proposals before selecting Lalive. Lalive's lawyers have significant experience in investment arbitration and extensive experience in claims against the Government of Tanzania and presented a competitive proposal that was endorsed by the Boards of the subsidiaries and Indiana.

On appointment Lalive immediately commenced working with the Company to prepare for arbitration, which included assisting with the identification and negotiation with litigation funders prepared to provide a financing facility to support all legal costs associated with the Claim.

In June 2020, the Company advised that it had finalised a Litigation Funding Agreement ("LFA") for USD4,653,400 with Litigation Capital Management Limited ("LCM") - a firm listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. The LFA included a two months due diligence period to review the merits of the Claim. Due Diligence activities are well advanced and on successful conclusion the Parties can move to complete a Funding Confirmation Notice, which provides for monies to be progressively drawn down from the financing facility to meet expenses associated with the Claim.

A detailed budget has been approved as part of the LFA, which confirms all expected legal and ancillary costs associated with the arbitration process. The Funding Confirmation Notice will provide up to USD 4.65 million in non-recourse financing which is only repayable to LCM in the event of a successful Claim or settlement of the Dispute that results in the recovery of any monies. If there is no settlement or award, then LCM is not entitled to any repayment of the financing facility.

In return for the providing the financing facility, LCM shall be entitled to receive either repayment of any funds drawn plus 10% of the funding facility or an amount equal to between 1.25 and 5 times the amount of any funds drawn from the funding facility, whichever is greater and depending on the time frame over which funds have been drawn.

If LCM reasonably considers that the merits of any Claim, upon advice from counsel or a third party solicitor, are no longer satisfactory, or, that any Claim is no longer economically viable LCM may terminate the LFA by providing five (5) Business Days written notice. In this instance the Company will not be required to immediately repay any funds already drawn and can engage with a new funder to provide funding support for the Claim.

Given no correspondence was received from the Government of Tanzania during the period the Company has advanced preparations to lodge a Claim to Arbitration with the International Centre for Settlement of Investment Disputes (“ICSID”), part of the World Bank. The quantum of any Claim for compensation may include, but will not be limited to:

- the value of historic investment made by Indiana in Tanzania;
- the value of the project at the time that tenure was expropriated; and
- damages the Company has suffered as a result of Tanzania’s acts and omissions.

The Company is not able to make any comment in relation to the potential quantum of any claim for compensation at this point.

It is now clear that Tanzania has removed the ownership of the Project from NNHL and its local subsidiary and in doing so has breached its obligations to the investors under the UK-Tanzania BIT (the “BIT”) and international law.

Further information on the Ntaka Hill Nickel Project, including historical exploration reporting and releases relating to development studies, can be found at the Company’s website www.indianaresources.com.au .

Mali

In April 2020, the Company released to the market information relating to changes to activities and operations in response to the current Covid-19 pandemic. These changes included the suspension of all exploration activity in Mali for the foreseeable future. During the quarter travel restrictions remained in place so activities on the ground were limited.

Koussikoto Ouest

During the quarter the Company continued to work on resolving issues arising from the previously announced Notice of Claim¹ relating to the Koussikoto Ouest Project. The exploration licence is held by Olive Mining SARL, a Malian company owned 75% by Mukuyu with the remaining 25% held by a private Malian citizen (‘Minority Shareholder’). The Company had received a Notice of Claim from the Minority Shareholder alleging certain breaches of the shareholders’ agreement between the Company and the Minority Shareholder, challenging the Company’s 75% ownership and disputing responsibility for the Minority Shareholder’s percentage of expenditure. The Company received written legal advice that the claims of the Minority Shareholder were without foundation and continues to work with the Malian court system and the Minority Shareholder to resolve the matters included in the Statement of Claim. A further submission was made to the Courts in June 2020 in relation to the matter, but no response has been received to date. Given the current Covid-19 pandemic the Malian courts were suspended for some months and are now dealing with a back log of cases.

¹ Refer to 31 January 2019 ASX announcement

Kenieko Nord

During the quarter the tenement was up for renewal. A renewal submission has been made but given the current Covid-19 pandemic, the Department of Mines has not yet responded. The Government is currently not providing renewal approvals until the new Mining Code has been presented to Parliament. However, given the current political situation in Mali there is now no clear timeline as to when the new Mining Code will be presented. Given we cannot confirm when the tenement will be renewed and with the rainy season set to commence in September, no further work is planned for this tenement for the next quarter other than desk top review of soil sampling results from the previous quarter.

Saboussire

During the quarter the Company advised Fimoco SARL that it was withdrawing from the earn in agreement for the tenement following its initial required expenditure of US\$50,000. The decision to withdraw from the agreement was made following a review of the soil sampling results from the previous quarter, the impacts of the current Covid-19 pandemic and the unclear political situation in Mali.

New Projects

During the quarter the Company continued to review and has been considering complementary exploration opportunities that may add further value for the Company's Shareholders for some time. The current Covid-19 pandemic has heavily impacted travel and the ability to access projects offshore, thus accordingly the focus has been restricted to Australia at this point. The Company is keen to maintain its focus on gold given the current strong demand for this commodity and has assessed a number of projects that meet its criteria. The Company is continuing its assessments of projects and will update the market in due course.

CORPORATE

Cash position and Capital Raising

As at 30 June 2020, the Company had cash at bank of \$0.5M.

On 7 April 2020, the Company completed a Placement via issuance of 12,500,000 fully paid ordinary shares to raise a total of \$250,000 (before costs). The Company also settled \$120,000 worth of outstanding trade creditors via issuance of 6,000,000 fully paid ordinary shares, thereby preserving Company's cash reserves. The share issuances were ratified by shareholders at Company's General Meeting held on 7 July 2020.

On 26 June 2020, the Company successfully completed a Placement via issuance of 15,000,000 fully paid ordinary shares to raise a total of \$450,000 (before costs), with the Company receiving overwhelming interests from investors and having to apply scale back.

During the Quarter, the Company announced of its intention to conduct a pro rata non-renounceable Options Rights Issue Offer on the basis of three new Options for every four existing Shares held at the Record Date at an issue price of \$0.002 per new Option, and an exercise price of \$0.03 expiring 12 months from the date of issue. The Offer was on foot during July 2020.

Share capital

As at 30 June 2020, the Company had 216,994,693 fully paid ordinary shares on issue and 33,562,146 unquoted options outstanding.

Cashflows for the Quarter

Attached to this report is the Appendix 5B which contains Company's cashflow statement for the quarter. The significant outflows for the quarter included \$59k spend on exploration and evaluation expenditure, as compared to \$127k during March quarter, which was primarily due to the impact that Covid-19 pandemic has had with limited activities able to operate on the ground and the travel restrictions in place. The Company also spent \$150k on administration and corporate costs and staff costs, of which \$50k related to the payments made to related parties, which included Directors and their associates, also noted under section 6.1 of Appendix 5B, for directors' fees, salaries, consulting costs and superannuation paid during the quarter.

TENEMENT INTERESTS AS REQUIRED BY LISTING RULE 5.3.3

Tenements held and location

Tenement	Ownership	Project	Location
PR 13/647 Koussikoto Ouest	75%	Koussikoto	Mali
PR 15/736 Kenieko Nord	95%	Kenieko Nord	Mali

The Board of Directors of Indiana Resources Limited authorised this announcement for release to the market.

- ENDS -

For further information, please contact:

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Aida Tabakovic – Company Secretary
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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Indiana Resources Limited and its Controlled Entities

ABN

67 009 129 560

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(59)	(967)
(b) development	-	-
(c) production	-	-
(d) staff costs	(32)	(79)
(e) administration and corporate costs	(118)	(949)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(210)	(1,995)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 equity securities (excluding convertible debt securities)	700	2,191
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(66)
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	698	2,125

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18	380
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(210)	(1,995)
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)	698	2,125

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(6)
4.6	Cash and cash equivalents at end of period	504	504

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	504	18
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	504	18

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

50

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors including non-executive directors for fees, salaries, consulting costs and superannuation for the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,000	-

7.5 **Unused financing facilities available at quarter end** 1,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The amount reported in item 7.1 is the loan facility with the lender Michael Fotios and Associated Entities which is unsecured with an interest rate of 8% per annum, which is capitalised into the loan immediately prior to repayment or conversion. The loan facility expires on 31 December 2020 and can be converted into equity at the same price as the Company's next capital raising or repaid from the proceeds of the capital raising, at the Company's option.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(210)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(210)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	504
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6 Total available funding (Item 8.4 + Item 8.5)	1,504
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	7.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: 30 July 2020

Authorised by: By the Board of Indiana Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.