



# India Resources Limited

## Chairman's Address

**2009 Annual General Meeting – 15 December 2009**

**Andrew Simpson, Chairman**

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Good morning Ladies and Gentlemen and welcome to India Resources' 2009 Annual General Meeting.

We appreciate your attendance here today outside of the normal AGM season; as shareholders would be aware, we obtained an extension in the time required to hold this meeting to enable us to complete important negotiations with two new significant investors in the Company.

As a result of these agreements, which you will be asked to vote on today, India Resources has secured access to valuable new funding to support our growth strategy as a successful and growing Australian mining company in the Indian subcontinent.

This funding will enable us to enhance production from our flagship Surda Copper Mine, progress the exciting Bankura Coal Project towards production, and pursue opportunities within our base metals and iron ore portfolio in the subcontinent.

However, before I turn to the future let me briefly update you on the events of the past 12 months.

### **Year in Review**

While 2009 has undoubtedly been a difficult year, I am pleased to say that the Company has achieved some solid operational results and continued to reinforce its position as a highly regarded mining company in India – in fact, the only Australian-owned company with operating mining interests in India.

I will go into more detail regarding the Company's operational achievements in a moment; however, I must first acknowledge the Company's senior management team for their strong leadership in guiding India Resources through the turbulence caused by the global economic crisis.

The impact of this financial turmoil on businesses around the world has been well documented, and in response to this tough operating climate the Company was forced to implement a number of strategic measures to streamline our operations. As part of this, we reviewed all three of our main cost centres – the Surda Mine, Head Office in Perth and Exploration.

We immediately implemented changes designed to re-focus the Company's activities towards existing mining operations and near-term mine development opportunities while reducing operating expenditures and corporate overheads and winding back earlier-stage exploration activities.

This included a reduction in overheads at the Company's head office in Perth, as well as the retrenchment of several staff members, with our head office complement reduced from eight to three.

The decision to put off staff is always a very difficult one, and we do view retrenchments as a last resort option, however I do believe that the difficult decisions taken during the year have put the Company on a much firmer footing for the future.

Our senior management team in Australia and India also participated in this cost-cutting drive by taking voluntary pay cuts, and I would like to acknowledge their commitment and tireless efforts during the year in support of the Company's objectives.

The Company has been led strongly by Arvind Misra, who assumed the role of Managing Director in April with our former Managing Director, Eoin Rothery, moving to the position of Executive Director – Geology and subsequently, a non-executive Board position in September 2009.

Eoin has been with the Company since it listed in 2007, and has played a vital role in India Resources' development. On behalf of the Board, I would like to sincerely thank Eoin for his contribution to date and look forward to his continuing input to the Company's activities.

Within our exploration portfolio, we announced two key farm-out agreements which enabled us to reduce expenditure while continuing to progress some of the quality assets within our portfolio.

In April, we secured a landmark joint venture with RBG Minerals Industries Ltd, a subsidiary of the major Indian conglomerate Binani Zinc Limited, covering the Aravalli Base Metals Project, where we have previously established a very large Exploration Target of zinc-lead mineralisation.

This joint venture will see RBG invest US\$1.1 million to earn up to a 51% interest in this Project and assist us in progressing the grant process for a Mining Lease.

In June, we announced a joint venture with private Indian company Vajra Diamond Mining Private Limited covering our diamond projects.

On an operational level, our decision to focus activities on mine production was strategically aimed at focusing on the Company's core strengths and our successful track record in developing and operating mines in India.

Our flagship asset, the Surda copper mine in Jharkhand State, continued to deliver strong results with production ramping up during the year, with the mine producing at a rate of approximately 300 tonnes per month with 900 employees at the underground mine.

This compares with a previous average of 215 tonnes per month with 1,200 employees under the mine's previous owner, Hindustan Copper Limited.

The Surda mine achieved an operating cash flow positive production level in November 2008, becoming substantially self-sufficient without funding from Australia – an excellent result.

Production at Surda is now at record levels thanks to the efficiencies and techniques brought to the project by the Australian operators combined with local experience and knowledge, and I am confident that our operations will continue to improve.

A number of strategic mining and operational improvements were made during the year resulting in a significant reduction in operating costs.

We have also recently completed a JORC resource estimate totalling 13.1 million tonnes at 1.1% Cu, which has proved beneficial in mine planning and predicting production tonnes and grade.

I think it's fair to say that the mine is now operating as well as it possibly can under the current configuration; however, there is excellent scope to increase production towards the targeted annualised rate of 450,000 tonnes and beyond.

In addition, the deposit is open in several directions and offers excellent exploration upside.

Further capital expenditure is required to increase production by a further 10-20% as new higher grade areas are opened up. This will be provided by the new bank facility put in place during the year and the funding injection secured from the new investors.

Most importantly, we have maintained our good safety record. The overall accident frequency rate at the mine is now lower, when compared with the Australian underground average.

In light of this ongoing success at Surda, I am pleased to report that the Company has continued to develop a very strong reputation within the Indian mining community which I believe stands us in excellent stead to accelerate our growth and secure new mine development opportunities.

In this respect, in August the Company recently entered into a Heads of Agreement with Bankura DRI Manufacturers Company to mine coal from their Anandapur Sector in the Raniganj Coalfield in West Bengal.

We are currently finalising the technical and commercial terms for this Heads of Agreement – and Arvind will go into greater detail in his address about this – however we are very excited about the assets and expect that they will be a key focus for the Company in the coming 12 months.

India is the world's second fastest growing economy after China, and continues to offer exciting growth and development opportunities in the mining sector for the application of Australian mining technology and know-how.

There are particularly exciting opportunities within the coal sector, with the Indian Government currently planning to increase coal production up to a targeted level of 1 billion tonnes per annum in the medium term. We hope to participate in this exciting growth opportunity through our Bankura Project.

### **Corporate and Outlook**

On the corporate front, the Company recently entered into a number of important agreements which have secured fresh funding for India Resources and restructured our share register.

In order to supplement the Company's working capital position, two private share placements were completed during the year to raise \$558,300, followed by a share purchase plan in August 2009 which raised an additional \$400,600.

In September, the Company entered into an unsecured convertible note facility with the US-based investment group La Jolla Cove Investors Inc for the issue of up to four convertible notes with a face value of US\$1.5 million, to raise up to US\$6 million.

And last month we entered into a conditional agreement with Alexandra Resources Pty Ltd, an Australian-based private equity company, to acquire Territory's 8.6% stake at 2.4 cents a share as well as the transfer of a \$1.5 million debt previously provided to India by Territory for a total cash settlement of \$1.956 million.

The debt will be converted equally to India Resources shares and convertible notes upon transfer in four tranches over a three month period following approval by shareholders, which is being sought at today's meeting.

Alexandra Resources has also agreed to acquire \$500,000 worth of India Resources shares on market prior to 31 December 2009 to provide additional support for our share price. ARP is supported by high net worth individuals with significant business interests in Asian countries.

I am also pleased to report that the Company has resolved the repayment of an outstanding \$4 million loan that was made to Monarch Gold Mining Company, which went into administration in July 2008.

A proposal has been received from the Deed Administrator on Monarch's behalf, and the first instalment of the loan repayment of approximately \$600,000 was received on 30 November 2009.

The receipt of these funds combined with the funding injection from Alexandra and La Jolla Cove and the operational improvements achieved at the Surda Mine put India Resources on a much stronger footing for the future, our team is now looking forward to 2010 with renewed confidence.

In conclusion, I would like to thank Arvind Misra for his strong leadership and hard work during what has been a very challenging but, in many respects, rewarding year.

On behalf of the Board, I would also like to thank our employees and contractors who have shown great resilience and determination in elevating India Resources to a position of great strength within the Indian mining community.

We remain focused on building a profitable copper business, while at the same time broadening and diversifying our production base in the sub-continent, particularly in the coal sector.

I am confident that we have the assets, the people, and the vision to move forward with confidence and achieve our corporate objectives and increase shareholder value.

I would like to conclude by wishing you all a very happy and safe Christmas and a prosperous and successful new year.

Thank you.

**Andrew Simpson**  
Chairman

*Note: The Surda Resource estimate referred to above is detailed in IRL's quarterly report for June 2009 and is broken down as follows: Measured – 6.023 million tonnes at 1.06% Cu; Indicated 6.959 million tonnes at 1.12% Cu and Inferred 0.113 million tonnes at 0.79% Cu. The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Eoin Rothery who is a member of the Australian Institute of Geoscientists. Mr. Rothery 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 Rothery is a consultant of India Resources Limited and holds the position of non-executive director. Mr Rothery 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. Rothery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*