



India Resources Limited

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

Dear Sir/Madam

IRL TO JV WITH INDIAN DIAMOND INTERESTS

India Resources Limited (IRL) is pleased to announce the signing of a Joint Venture Agreement over IRL's diamond projects with a private Indian diamond company, Vajra Diamond Mining Private Limited (Vajra) managed by Mr. Charles Devenish, who has been a leading figure in the Indian Resources industry for many years and is also Chairman of Deccan Gold Mines Ltd, listed on the Mumbai stock exchange. Vajra will bring together a consortium of Indian diamond interests, including companies controlled by Mr. Anil Poddar, who is a leading Mumbai diamond businessman.

Vajra will invest \$US500,000 to earn an 80% interest in IRL's subsidiary AMIL Mining India Private Ltd. (AMIL). In addition, Vajra will also pay \$US500,000 to IRL from gross revenue received by AMIL during the first year of mining of any deposit discovered in the AMIL project area. IRL also have an option to undertake the mining of any deposit found, on commercial terms.

IRL has three areas of granted tenure in areas with known diamondiferous kimberlites. At the Bhandara Project in Orissa State, IRL has generated two new strong anomalies in regional stream sediment sampling, recovering kimberlitic chromites and micro-ilmenites in several locations. The strongest anomaly is only 10km north of the recently discovered Nuapada diamondiferous kimberlite and is likely to be part of the same field.

At the Dharwar Project in Andhra Pradesh State, IRL holds five prospecting licenses with two known diamondiferous kimberlites (CC4 and CC5), which are part of the Chigicherla Kimberlite field. The Bundelkhand Project (Madhya Pradesh State) is at the reconnaissance stage. The area is immediately adjacent to India's only recently producing diamond mine at Panna and Rio Tinto's massive Bunder Diamond Project.

IRL will have technical input, but is relieved from any expenditure until Vajra has earned an 80% interest in AMIL. IRL welcomes the interest and commitment from Vajra, and looks forward to a positive relationship in developing these projects.

IRL has now successfully brought in partners to both of its main exploration projects, having already signed a deal with an Indian zinc major, the Binani Group, over the Aravalli lead-zinc project which will see \$US1.1 million injected. These partnerships will help secure a successful outcome, and, at the same time, allow IRL to concentrate on optimizing the Surda Copper Project, which continues to produce above the break even level. Together with the successful completion of a cost saving head office restructure, and the expected return of \$4.02 million over the next 12 -14 months from the Monarch recapitalization, IRL is in a good position to establish itself in the Indian resources industry.

Yours faithfully

Arvind Misra,
Managing Director



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The geological and assay statements and commentary in the above report are 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 full-time employee of India Resources Limited and holds the position of Executive Director. Mr. Rothery is 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.

Note: "Vajra" means diamond and also thunderbolt. It is also a weapon that cuts any substance, but can't be cut (like diamond).