



**Indo Gold Limited** ACN 110 982 315

## PRESS RELEASE

**Brisbane, Queensland, Thursday 31st May, 2007:**

### **BHUKIA PERMITTING UPDATE**

In a previous press release dated 10 May 2007, Indo Gold Limited (IGL) reported that it had temporarily deferred its planned London AIM listing. This decision was taken to allow time for the grant of the Prospecting Licence Application (PLA) required to commence the drill-out at the Bhukia gold prospect in Rajasthan.

The Rajasthan Government is presently refusing applications for new Mining Leases in lands classified as "Schedule V Tribal Areas" under the 1950 Indian Constitution. Although this Rajasthan Government policy does not specifically refer to Prospecting Licences (PLs), it is apparent that PLs have been, *de facto*, caught up in the issue since this appears to be the main reason for the PLA of the Company's JV Partner being refused. The other two reasons for the 3 April 2007 refusal, both considered to be entirely spurious by IGL, are 1) a lack of Environmental and Forestry clearance over the PLA, and 2) a claim that the ground had been reserved for the Geological Survey of India (GSI). These two latter reasons are discussed later in this Press Release.

The refusal to grant Mining Leases relates to a policy decision taken by the former Rajasthan State Government in the year 2000. This in itself is related to a Supreme Court case brought by an NGO in which the grant of Mining Leases in Andhra Pradesh was suspended. Multiple legal opinions taken by the Company are unanimous in stating that this particular Supreme Court decision has no standing in Rajasthan. Nevertheless, it has never been revoked by the State Government. However, the Company has been led to understand from a number of sources that this policy is in the process of being overturned.

In a meeting with the Rajasthan Minister of Mines in Jaipur on 3<sup>rd</sup> April 2007, our JV Partner was assured that this policy will be reversed. Furthermore, a recent press announcement in the Hindi language national newspaper, Patrika, (see Company press release dated 23<sup>rd</sup> May 2007) quoted the Minister as indicating the recommendation to reverse this policy was before the Chief Minister and Cabinet. The Minister of Mines also indicated that one approach they may take, upon reversing the policy, is to request all applicants to renew their applications.

In a further meeting with the Minister of Mines in Jaipur on 20<sup>th</sup> April 2007, the Minister of Mines again reiterated that the policy was in the process of being overturned. It was also pointed out to him that the other grounds on which the PLA had been refused were wrong in both a legal and administrative context. Forestry and Environmental clearances have been obtained from both the Rajasthan and Central Governments and the ground is not reserved for the GSI. If it were reserved, then it would have been impossible for our JV Partner to obtain the Reconnaissance Permit it currently has over the prospect area or to have made the PLA. The Minister said that he agreed with these facts, but was unable to overturn the decision and he strongly suggested that we needed to meet and make personal representations to the Chief Minister of Rajasthan.

While the Company is confident that the policy will eventually be overturned, whether it will occur and the timeline for this is uncertain. As a result, and to protect its legal position over the PLA, a Revision Petition is in the process of being drafted for submission to the Central Government. The Mineral Concession Rules, 1960, allow any person aggrieved by any order made by a State Government or any other authority in exercise of the powers conferred on it by the Mines and Minerals Development and Regulations Act or the Mineral Concession Rules, to apply to the Central Government for revision of the order. This has to be done within 3 months of the order being issued, so for the Company the final date for lodgment is 3<sup>rd</sup> July 2007. However, the Company hopes to resolve the matter before this formal step needs to be taken.

We continue to earnestly seek an audience with the Chief Minister and will keep our shareholders and other interested parties fully informed as the situation develops further.

Once the aforementioned policy has been formally reversed, it is anticipated that either one of two actions will be taken: 1) we will be invited to lodge a new PLA, or 2) the current PLA will be re-activated and the Revision Petition will be withdrawn.

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