

Indo Gold Limited

Annual Report for the year ended 30 June 2006

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Indo Gold Limited Directors' report

Your directors present their report on Indo Gold Limited (the Company) and the consolidated entity comprising the Company and the entities that it controlled for the year ended 30 June 2006.

Directors

The names of the directors in office at any time during or since the end of the year are as follows:

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

Michael Higgins	— Managing Director (appointed 15 September 2004)
Qualifications	— BSc.(Hons), FAusIMM, CPGeo,
Experience	— 34 years of international experience in the mining industry including 20 years with Shell/Billiton group at a senior executive level. Director and Vice President for Exploration and Business Development of Goldcrest Resources Ltd Managing Director of Bengal Minerals Pty Ltd Director of Bengal Exploration (India) Private Ltd Director of Indo Gold Resources Private Ltd Director of Indo Gold Mines Private Ltd Director of BSM Mining Pty Ltd Director of Goldcrest Mines Pty Ltd Director of Wentworth Resources Pty Ltd Director of Youanmi Mines Pty Ltd
Special Responsibilities	— Chairman
Christopher Rashleigh	Executive Director (appointed 15 September 2004)
Qualifications	— BSc (Hons), MAusIMM, 1st Class Mine Manager (Cert. of Competency, Qld)
Experience	— 36 years experience in the resources industry, both in Australia and overseas, including 7 years at Mount Is Mines and 8 years at Billiton Australia/Acacia Resources Ltd. Director and Vice President for Operations of Goldcrest Resources Ltd. Executive Director of Bengal Minerals Pty Ltd Director of Bengal Exploration (India) Private Ltd Director of Indo Gold Resources Private Ltd Director of Indo Gold Mines Private Ltd Director of BSM Mining Pty Ltd Director of Goldcrest Mines Pty Ltd Director of Wentworth Resources Pty Ltd Director of Youanmi Mines Pty Ltd
Special Responsibilities	— Consolidated entity Secretary
Kevin Bullock	Non-Executive Director (appointed 15 September 2004, resigned 28 December 2005)
Qualifications	— B.Eng, MCIM

Indo Gold Limited Directors' report

Experience

- Kevin has over 18 years experience in operating and exploration of mineral resources worldwide, as well as corporate finance in the sector.
President, CEO and Director of Goldcrest Resources Ltd.
Director of Young Shannon Gold Mines Limited.
Director of Wentworth Resources Pty Ltd
Director of Youanmi Mines Pty Ltd
Director of Rolling Rock Resources Corporation (listed on the TSX-V Exchange)

Peter Carroll

- **Director (appointed 12 September 2005)**

Qualifications

- **BCom, LLB, FCA, FTIA, ASCPA**

Experience

- Retired Partner of Deloitte Tax Consulting Services
Former member of the Taxation Advisory Committee of ASCPA.
Former member of the Legislation Review Committee of the ICCA
Chairman of Cristal Australia Pty Ltd
Non-Executive Director of BeMax Resources NL, a public consolidated entity listed on the ASX.
President of Tattersalls, a leading Brisbane Business Club

Principal activities

During the year the principal activities of the consolidated entity consisted of the promotion and management of exploration and mining projects.

No significant changes in the nature of the entity's activities occurred during the year.

Review and results of operations

The result of the consolidated entity for the year was a loss of \$517,342 (2005: loss of \$55,500)

The loss is due primarily to exploration and mining projects still at feasibility stage, and therefore there have been no profits derived to date.

Significant changes in the state of affairs

The Company was incorporated as BSM Resources (India) Pty Ltd on 15 September 2004. On 17 June 2005 the Company changed its name to Indo Gold Ltd and company type to a public company.

On 23 October 2004, the Company entered into a Heads of Agreement with Metal Mining India Pvt Ltd (MMI) to establish and conduct an incorporated joint venture to conduct exploration using Reconnaissance Permits available to MMI. The JV Consolidated entity established is called Indo Gold Mines Pvt Ltd (IGMPL). In accordance with the terms of the Heads of Agreement the shareholding in IGM shall be 70% Indo Gold Limited and 30% MMI.

A Joint Venture (JV) Agreement was prepared to replace the Heads of Agreement and was formally signed on 26 February 2006. However, the directors are of the opinion that in accordance with the terms of the Heads of Agreement the Company was in control of IGMPL from 1 July 2005. In accordance with this position the Company has prepared consolidated financial statements for the consolidated entity for the year ended 30 June 2006, incorporating the operating results of IGMPL in the Income statement since the date of establishment and position of IGMPL has been included in the balance sheet as at 30 June 2006.

There were no other significant changes in the consolidated entity's state of affairs during the financial year.

Likely Developments

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Indo Gold Limited Directors' report

Events subsequent to reporting date

No matters or circumstances have arisen since 30 June 2006 that have significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Dividends paid or recommended

No dividends have been recommended by the Directors of the Consolidated entity. No dividends were paid or declared in the financial year.

Directors' Meetings

The number of directors' meetings held and attendance by each of the directors of the Consolidated entity during the year ended 30 June 2006 are:

Director	Board Meetings Held	Board Meetings Attended
Michael Higgins	11	11
Christopher Rashleigh	11	11
Kevin Bullock (resigned 28 December 2005)	11	6
Peter Carroll (appointed 12/09/05)	11	8

The Consolidated entity is not of the size, nor are its financial affairs of such complexity to justify a separate Audit Committee to the Board of Directors. All matters which might properly be dealt with by such a committee are the subject of review at Board meetings.

Directors' Shareholding Register

The relevant interest of each director, and their associates, in shares, or options over issued shares, of the Company up to the date of this report are as follows:

Director	Ordinary Shares	Options
Michael Higgins	4,300,000	1,300,000
Christopher Rashleigh	2,250,000	1,300,000
BSM Mining Pty Ltd [1]	250,000	-
Mrs L Carroll [2]	50,000	25,000

[1] BSM Mining Pty Ltd is a related entity of both Michael Higgins and Christopher Rashleigh.

[2] Wife of Director Peter Carroll.

Officers' and Auditors' Indemnification

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Consolidated entity.

Environmental Regulation

The consolidated entity is subject to significant environmental regulation in respect of its exploration activities and is committed to undertaking all its operations in an environmentally responsible manner.

Directors Remuneration

Full details relating to the Directors are set out in Note 17.

Indo Gold Limited
Directors' report (continued)

Options

At the date of this report, options over the unissued share of the Consolidated entity are as follows:

- On 10 March 2005, 900,000 share options were granted to directors to take up ordinary shares at an exercise price of \$0.05 each. The options are exercisable on or before 10 March 2010. The options hold no voting or dividend rights and are not transferable.
- On 3 August 2005, 1,050,000 share options were granted to directors to take up ordinary shares at an exercise price of \$0.10 each. The options are exercisable on or before 3 August 2010. The options hold no voting or dividend rights and are not transferable.
- On 3 August 2005, 1,050,000 share options were granted to directors to take up ordinary shares at an exercise price of \$0.20 each. The options are exercisable on or before 3 August 2010. The options hold no voting or dividend rights and are not transferable.
- On 15 February 2006, 5,150,000 share options were granted in accordance with the terms of a 10,300,000 share issue where shares were issued for \$0.50 with a 1 for 2 attached option in the form of a Share Option Deed exercisable at \$0.75 per share. The options are exercisable on or before the date being the last to occur of a) the date six (6) months after the listing of the shares in the consolidated entity on a recognised securities exchange, or b) the date twelve (12) months after issue date. The options hold no voting or dividend rights and are not transferable.

No options were exercised during the year.

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the consolidated entity's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 20 to this report.

Proceedings on Behalf of the Consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

Auditor's Independence Declaration

Our auditors have provided the Board of Directors with a signed Independence Declaration in accordance with section 307C of the Corporations Act 2001. This declaration is attached to the Directors' Report.

This report is made in accordance with a resolution of the directors.



Christopher Rashleigh
Director

Dated at Brisbane,

22 December 2006

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Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Indo Gold Limited.

As lead audit partner for the audit of the financial report of Indo Gold Limited and its consolidated entities for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully

Hacketts



Liam J Murphy
Audit Partner
Dated at Brisbane, 22 December 2006

