



**Indo Gold Limited** ACN 110 982 315

## PRESS RELEASE

Brisbane, Queensland, Friday 8<sup>th</sup> September 2006:

### **MAHI ZONE RESOURCE UPGRADE**

#### **BHUKIA Prospect, JAGPURA JV Project, Rajasthan, India**

- Inferred Mineral Resource of 1.0 million ounces gold estimated for the Mahi Zone, and reported using JORC Code Guidelines**
- Increase of 0.43 million ounces gold (78%) above the previous estimate**
- Resource estimate for the Panch Mahuri Zone currently in progress**

Indo Gold Limited (IGL) announces the positive results of a recently completed, independent Mineral Resource upgrade made for the Mahi Zone, within the Bhukia Prospect at the 70%-owned Jagpura Joint Venture Project in Rajasthan, India.

#### **MAHI DEPOSIT RESOURCE MODELING**

Independent consultants Golder Associates Pty Ltd (Golder) of Brisbane have re-modeled the previous drilling data of Hindustan Zinc Limited (HZL) and updated this with data from recent drilling completed by IGL. Golder has estimated an Inferred Mineral Resource, using a cutoff grade (COG) of 0.5 g/t Au of:

**Inferred Mineral Resource      24 Mt @ 1.3 g/t Au                      (1.00 Moz gold contained)**

Golder has modeled the deposit as a bulk tonnage, low grade deposit, using an MIK (multiple indicator kriging with a selective mining unit adjustment within a broadly constrained geological domain) approach, as opposed to the previous method adopted by IGL and HZL which considered the deposit to be a series of isolated lenses amenable to selective mining. The potential to selectively mine higher grade lenses is considered reasonable, but more detailed drilling is required to confirm this scenario.

Detailed parameters used by Golder in its resource estimate are presented as footnotes at the end of this release.

For comparison, Golder has estimated the amount of mineralisation within the 0.5 g/t Au COG resource which is above a 1.0 g/t Au COG:

<b>New Inferred Mineral Resource</b>	<b>12 Mt @ 1.9 g/t Au</b>	<b>0.73 Moz</b>
<b>Previous Inferred Mineral Resource</b>	<b>8.7 Mt @ 2.0 g/t Au</b>	<b>0.57 Moz</b>

The differences between these two estimates are due to:

- Re-interpretation of the data
- Additional drilling by IGL
- Difference in cutting of high gold grades (15 g/t Au cut used by Golder compared with 8 g/t Au cut used by HZL)

The Mahi resource is open in almost all directions, including depth, and potential to significantly increase the tonnage is apparent (Figures 1 to 3). The deposit outcrops over its entire strike and the average depth of the base of the modeled deposit is about 150 m below surface.

A 12,000 m drilling programme is currently being designed with the aim of upgrading the majority of the Mahi resource to Indicated and Measured status, and extending the resource in all directions. It is anticipated that this drilling will commence late 2006 or early 2007, subject to prior approval of the Prospecting Licence Application (PLA).

## **PANCH MAHURI**

Golder is currently in the process of estimating a resource for the central portion of the Panch Mahuri Zone, which is located approximately 500 m northeast of Mahi (Figure 1). Results of recent drilling within this deposit have been reported in previous press releases and suggest that the grade of mineralisation in this area is likely to be higher than at Mahi.

It is anticipated that a resource estimate will be available for release in late September or early October 2006.

## **METALLURGICAL TEST RESULTS**

IGL has conducted a short investigative programme of metallurgical testwork on three samples from the Bhukia deposits. These tests indicated that the materials are high in sulphide mineralisation, predominantly pyrrhotite, but the materials are not metallurgically refractory.

Conventional gold extraction techniques were shown to be effective for the samples. Gravity recovery was low to moderately successful while cyanidation leach extractions approached 85% using standard 75 micron grinds. At finer grinds the gold extraction improved by up to 5%. Flotation recovery was also successful with almost 90% of the gold reporting to concentrates. The samples tested showed moderate competency thus requiring moderate energy for crushing and grinding however the samples were quite abrasive indicating that liner wear and media consumptions would be higher than normal. These results generally confirmed the testwork conducted by the previous owners of the deposits, HZL.

Commenting on these results, IGL's Managing Director, **Mr Michael Higgins**, says "*The Mineral Resource upgrade for the Mahi Zone is very positive, showing that the mineralised system here is wide open and has the potential to be considered for bulk mining. The drill*

*sections demonstrate the potential for dramatically increasing tonnage estimates with only slightly deeper drilling.*

*Elsewhere within the Bhukia Prospect, we expect to better define other zones in future drill campaigns, some of which show indications of higher grade. Preliminary metallurgical testing undertaken last year shows relatively positive results, although much more work needs to be done to fully understand the entire, very large mineralised system.”*

The information in this report which relates to Exploration Results is based on information compiled by IGL’s Exploration Manager, Mr Antony Truelove, BSc(Hons), MAusIMM, MAIG. Mr Truelove has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the overall exploration activity and management which he is undertaking on behalf of IGL, to so 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” – the JORC Code. Mr Truelove consents to the inclusion in the report of the matters based on this information, in the form and context in which they appear.

The Mineral Resource estimate is based upon and accurately reflects data compiled by Rob Stewart who is a Member of the Australian Institute of Geoscientists and has sufficient experience in the estimation of the style of mineralization to qualify as a “Competent Person” as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2004). Rob Stewart consents to the inclusion of the information on the resource estimate in the form and context in which it appears.

Rob Stewart and Golder have not received any direct or indirect benefit from IGL for undertaking the resource estimate other than that incurred under the normal schedule of fees for independent consulting services.

**Footnotes on the Mineral Resource Estimate:**

- *The mineral resource occurs as a structurally controlled gold deposit hosted by Proterozoic metasediments;*
- *The resource estimate is based on 48 drill holes of which 40 holes are diamond core drilled by Hindustan Zinc Limited (HZL) and 8 holes were drilled by Indo Gold Ltd (IGL) of which 4 are diamond core holes and 4 are reverse circulation holes drilled with a face sampling hammer;*
- *Core recovery and RC sample returns were satisfactory. The HZL core was sampled by sawing the core in half and sampling nominally over 1 m intervals. The IGL core was sampled by sawing the core into quarters and sampling nominally over 1 m intervals. RC holes were sampled over 1 m intervals by riffle splitting;*
- *The nominal drill hole spacing is 50 metres by 50 metres;*
- *Gold grades were determined by 25 gram fire assay with AAS finish for HZL samples and 50 gram fire assay with AAS finish for IGL samples;*
- *Assay quality control for the HZL drilling included standard reference samples and repeat samples; the results indicated a low bias (small understatement of grade) with poor precision for the majority of the assaying, and no bias and satisfactory precision for the remaining assays. Assay quality control for the IGL drilling included standard reference samples, duplicate samples and repeat samples; the results indicated no bias with satisfactory precision for the repeats but poor precision for the duplicates. These results are consistent with classification as an Inferred Mineral Resource.*
- *In-situ bulk density of 3.0 t/m<sup>3</sup> was used, based on measurements determined from 392 samples of drill core using a water displacement method;*
- *A geological block model with block sizes of 12.5 m x 10 m x 5 m (X, Y, Z dimensions) was constructed. Large scale bulk mining and conventional CIP/CIL processing scenario have been assumed;*
- *Gold grades were estimated by multiple indicator kriging with a selective mining unit adjustment within a broadly constrained geological domain;*

- *High gold grades were cut to 15 g/t Au;*
- *A single estimation pass searching 75 metres along strike and down dip, and 15 metres across strike was used;*
- *Only blocks located within 35 metres of the nearest sample and estimated by a minimum 20 samples from at least 3 drill holes have been reported.*
- *Abbreviations used:*

<i>Mt</i>	<i>million tonnes</i>
<i>Moz</i>	<i>million ounces</i>

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**Forward-Looking Statements:** This document includes forward-looking statements which include but are not limited to statements regarding the Company's exploration programmes that are not historical facts. Such forward-looking statements are frequently characterized by words such as "could", "should", "may", "will", "plan", "expect", "intend", "anticipate", "believe", "potential" and similar words. Such forward-looking statements are based on the opinions and estimates of the Company's management at the date the statements are made, and naturally they reflect the considered view that such expectations are reasonable. However, such statements are subject to a variety of risks and uncertainties and other factors that could lead to actual events or results differing materially from those projected in the forward-looking statements. Such factors include the inherent risks in exploration and development of mineral properties, fluctuating metal prices, the possibility of cost overruns and unexpected costs and expenses, and the uncertainty of access to additional financing. No assurance can be given by the Company that actual results will be consistent with these forward-looking statements.

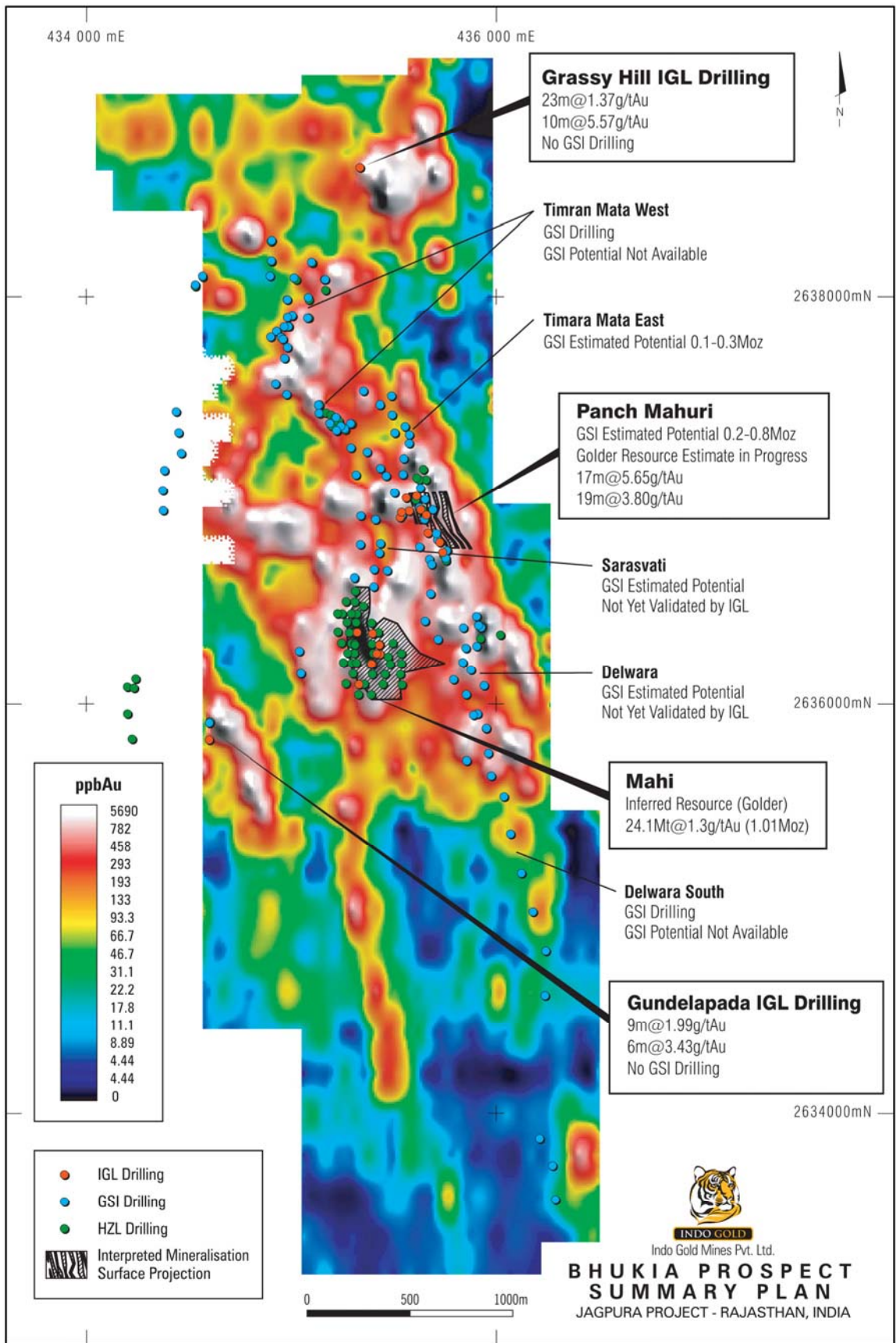


Figure 1 - Bhukia Prospect Summary Plan

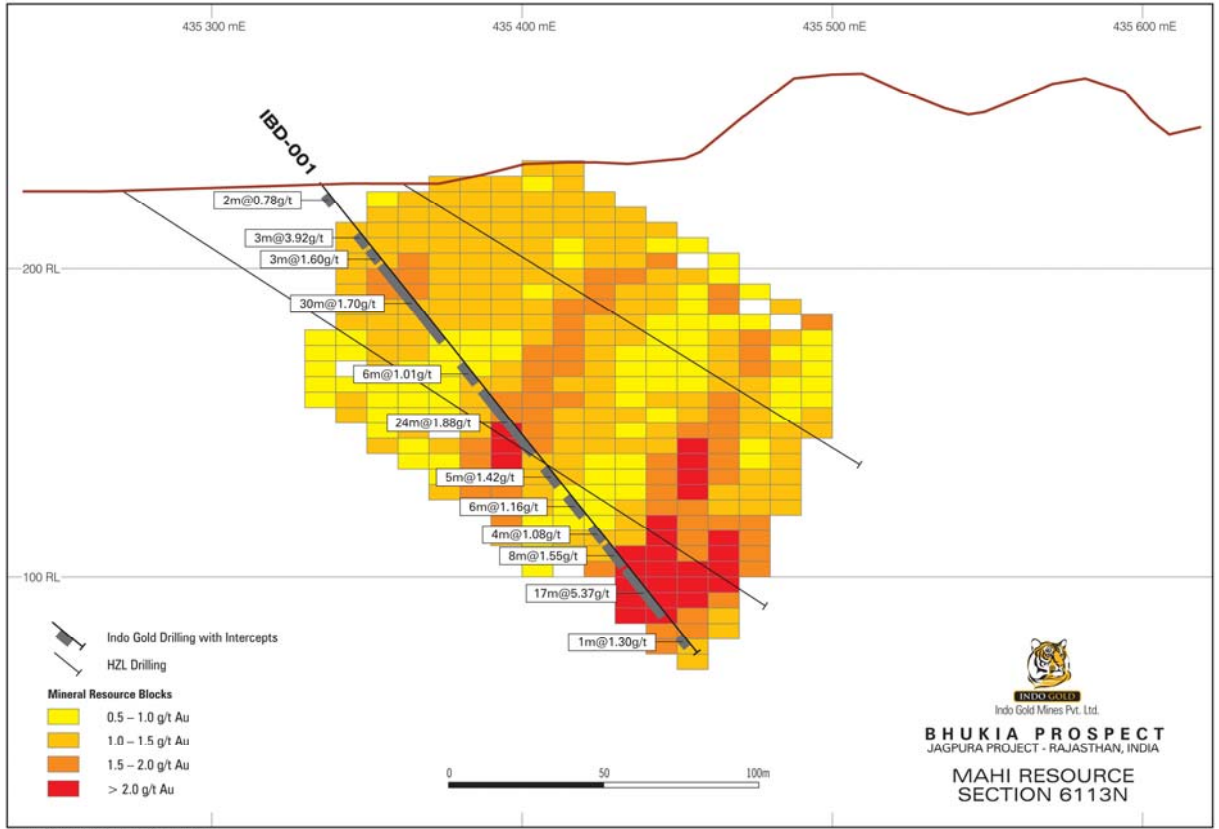


Figure 2 - Mahi Resource Section 6113N

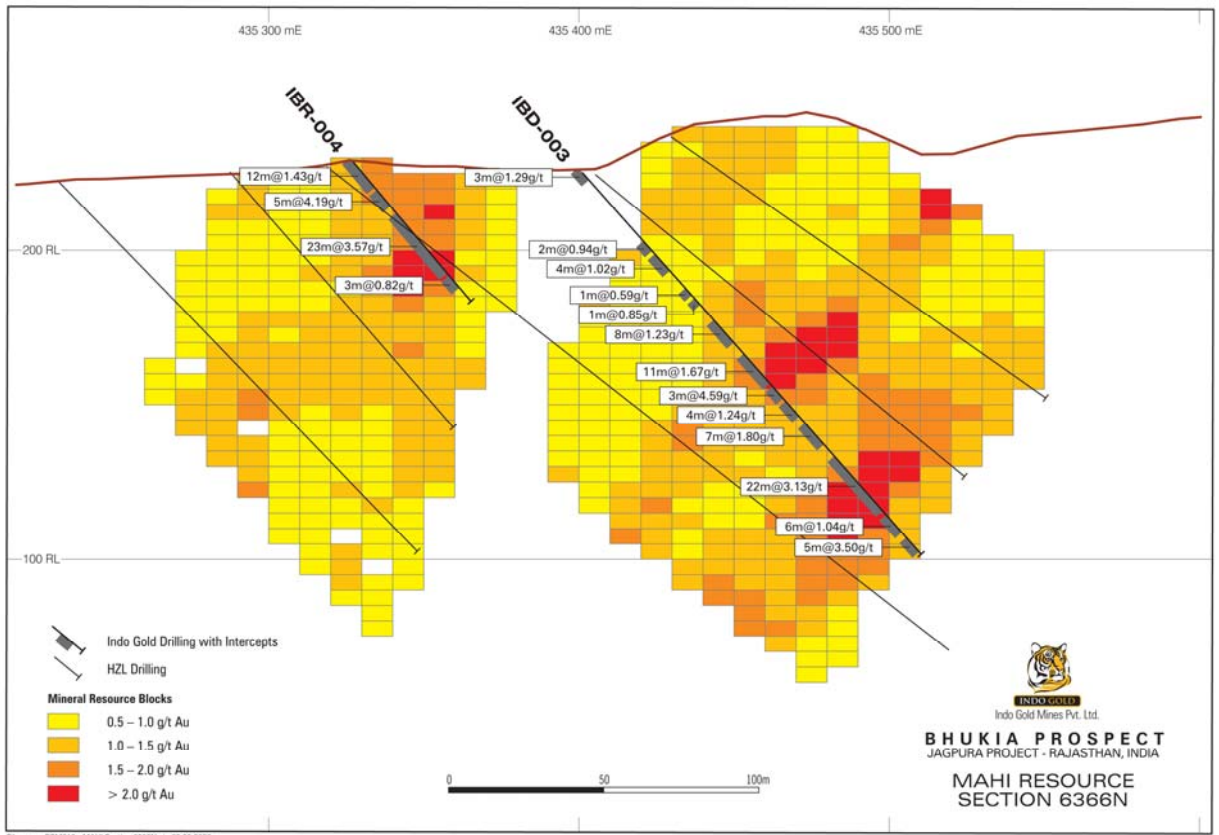


Figure 3 - Mahi Resource Section 6366N