



INDO GOLD LIMITED BHUKIA UPDATE

FRIDAY 23RD OCTOBER 2009

BRISBANE, QUEENSLAND

Regarding the legal challenge process, since the last update posted to the website, there have been additional adjournments for various reasons. Finally, at a **High Court of Rajasthan hearing before Judge N.K. Jain presiding on Tuesday 13th October**, our case (in the name of our JV partner MMI) was heard. Representation was from Rahul Dave, Angad Mirda and Rajesh Choudary (presenting for Petitioner) and Assistant Advocate General (AAG) Purohit, representing Respondent (with help from AME Mr. Arya).

Our record of proceedings as prepared by our team in attendance of Dr. Singh, Vigyat Singh and Peter Bittenbender (IGL), follows

Our team arrived at the court when it opened at 10:30 am. Rahul made a mention of our case and asked that it be scheduled, but the judge indicated no priority would be given and that we would have to wait for our turn as listed. Our case was listed as numbers 2 & 3 on the Supplementary list, which was to be heard following the main list. The main list had 70 cases listed, but some were in bunches, ours finally beginning around 3:55pm.

Rahul began arguments on Writ I from the beginning, establishing MMI's rights in the case. He began with rejection of the 7.35 sq km PL application and the three grounds on which it was rejected. He pointed out the spurious nature of these grounds. He went on to connect the 158 sq km Rajasthan Department of Mines reservation with the Revision Tribunal request to the State for a response to our petition. He pointed out the malafide intent of the reservation.

Rahul went over the 158 reservation and how it called on Rule 75 for its authority. He pointed out section 4.3 of the MMDR Act how it forbids reservations over existing RPs. He also pointed out how the reservation did not receive Central Government consent as is required in the Act.

The judge was shown maps of the PL application area and the encompassing State reservation.

Rahul brought up the fact that although we have petitioned the Revision Tribunal for redress, the Tribunal was hesitant to rule when our case was pending in the HC. He said the State's reservation prevented proper redress, even if the Tribunal agreed with our petition. So Rahul said that we stand before you, as judge, looking for a solution.

At some point Rahul also pointed out the money we had invested on our RP. He said we had employed local people. He pointed out the low-grade nature of the deposit and that no such deposits were being mined in India. He said if this project were to go ahead, it would include a significant additional investment and would lead to technology transfer to India for this kind of low-grade mining.

Rahul also briefly explained to the Judge our position on writ II. He explained how our applications were cancelled by the guidelines issued along with the 5/2/08 notification, which as per our stand was illegal. He briefly discussed the constitutionality issue in regard to decision taken in Scheduled areas and the fact that our applications were cancelled without any proper hearing. He mentioned that on account of this we had over 10 additional review applications pending in the Tribunal and that the reservation was the only obstacle in our way for those to be granted. Rahul further stated that if the judge saw fit and merit in our arguments we were willing to consider three possible outcomes....A) that the Judge quash the notification of reservation, B) give authority to the Tribunal to act as it sees fit and be given the authority to rule in our favour disregarding the impact of the reservation, and C) since all we were interested in is 25 sq km, the Judge could ask the government to grant our pending applications (25 sq km PL and 10 sq km ML) and we would withdraw all legal challenges.

The judge asked few questions and seemed to nod his head in agreement with the points Rahul was making.

Purohit was asked a few questions. He did say that we had applications that were filed following the expiry of our RP, but within our 90-day preferential right period. Purohit also tried to say at one point that we had not provided the State with data resulting from our RP work.

The Judge eventually said to Purohit: *The State cannot act in this way. If the State acts like this it will prevent investment and a healthy mining industry.*

The judge asked the AAG what could be done to redress the situation. The AAG suggested that decision would have to be made by higher officials in the Mines Dept.

The Judge said he could pass an order quashing the reservation. He asked us if that is what we wanted, but suggested that that would not get us our desired outcome.

Rahul said that we had applied for a 25 sq km PL and 10 sq km ML (16-4-08 applications) after the Tribal ban lifting that were in good standing. If these were granted to us, then we would drop all legal proceedings against the government. Rahul said that we were keen on working hand in hand with the Government and would want their cooperation at all stages of the project and thus were hoping for an amicable solution.

The Judge **directed AAG Purohit to consult with the Mines Minister and or Secretary to find a solution to our problems at the earliest.** He gave the AAG until 5th November to respond to the court and set a hearing for that date. The Judge suggested that if there was not a satisfactory response from the State, then he could (would?) call the Secretary of Mines to attend the court. In any event, he could write an order that quashes the reservation.

This HC Order, dated 13th October 2009, was published on 20th October 2009.

For further information please contact:

Mike Higgins

Executive Chairman
mhiggins@indogold.com.au

Chris Rashleigh

Executive Director & Company Secretary
crashleigh@indogold.com.au

Ph: +61-7-3217 5100
Fax: +61-7-3217 5211

www.indogold.com.au
ACN 110 982 315