



Indo Gold reiterates gold finding, invites GSI to discussion forum

GSI is a premier agency. Indo Gold respects their role in exploring the Bhukia site and has also purchased some of their reports to assist the direction of our exploration.

Mike Higgins, Managing Director, Indo Gold Ltd said "We have been exploring on the Reconnaissance Permit granted to our Joint Venture partner, Metal Mining India Pvt Ltd, in full compliance to the RP conditions since January 2005. We acknowledge the previous GSI work in all our publicly reported material as is evident from our website at www.indogold.com.au. The recent announcement we made in no way was meant to compromise or detract from the excellent prior work or media releases made previously by GSI as to these gold discoveries at Bhukia. Indeed, in all we do we have been at pains to recognize and praise the outstanding work of the GSI. The GSI's role is essentially one of government-sponsored, geological surveying research and ours is of a commercial nature. Therefore, GSI is not in competition with us, nor we with them. Indeed, we aspire to a closer working relationship with GSI and would welcome the opportunity to share our results with them. Indo Gold has written to GSI requesting a meeting of technical experts to discuss our findings."

Indo Gold believes it has made advances on the GSI research, to the benefit of both parties. Public companies in Australia must report their mineral resource estimates in accordance with the Joint Ore Reserves Committee (JORC) Code. The JORC Code enjoys world-wide recognition by Stock Exchanges and investor groups. Companies cannot report or make investment decisions based upon the high classification of mineral resource estimates such as those used by GSI, because the drilling is too wide-spaced. For commercial exploitation of any surveyed mineral resource, more investment is required in drilling than done for the purpose of geological surveying. In other words, more investment is required for drilling as per the JORC Code. Following GSI's initial work, companies like Hindustan Zinc Ltd (HZL) and Indo Gold have invested in more drilling to get improved assessment of the available mineral resource.

The first mineral resource estimated by us was at the MAHI Zone, and had been defined initially by the drilling of HZL. We completed our own drilling to confirm aspects of HZL's database, parts of which we also purchased

Following this, independent work by Golder Associates, a highly respected, independent geological consultancy, increased the HZL mineral resource from 0.57 Moz gold to an estimate of 1.0 Moz gold – nearly DOUBLE. To our knowledge there were no GSI estimated mineral resources over this zone in the past.

The second Resource estimated by us at PANCH MAHURI Zone was based on a combination of GSI, HZL and our own drilling. It used different parameters than the GSI mineral resource estimate and consequently our number is very different from GSI's. We have also used a completely different geological model to underpin our mineral resource estimation protocols and view the complex of deposits at Bhukia in quite a different way to that reported by GSI.

We have not estimated any mineral resources over the remainder of about 5-6 other zones reported by GSI, because we have not yet done our own work there, and cannot until grant of the Prospecting Licence. Where it is available, we can and do use purchased GSI data as a guide to our exploration, and respect the quality of work done. However, our assessment is not just on the basis of their previous reports. It is on the basis of our work as per the JORC Code.

Indo Gold's team comprises of many veterans in the area of gold exploration, discovery and large scale mining. Our team has many decades of expertise in large scale commercial mining of gold and other metals. We consider the mineral resource assessment and reporting is accurate as per the recognized international standards of the JORC Code.

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26 February 2007