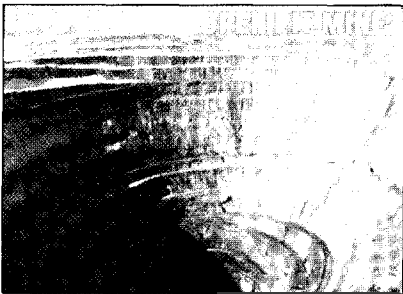
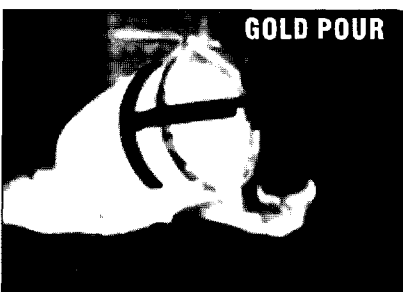
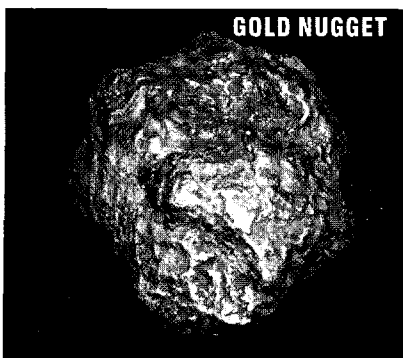




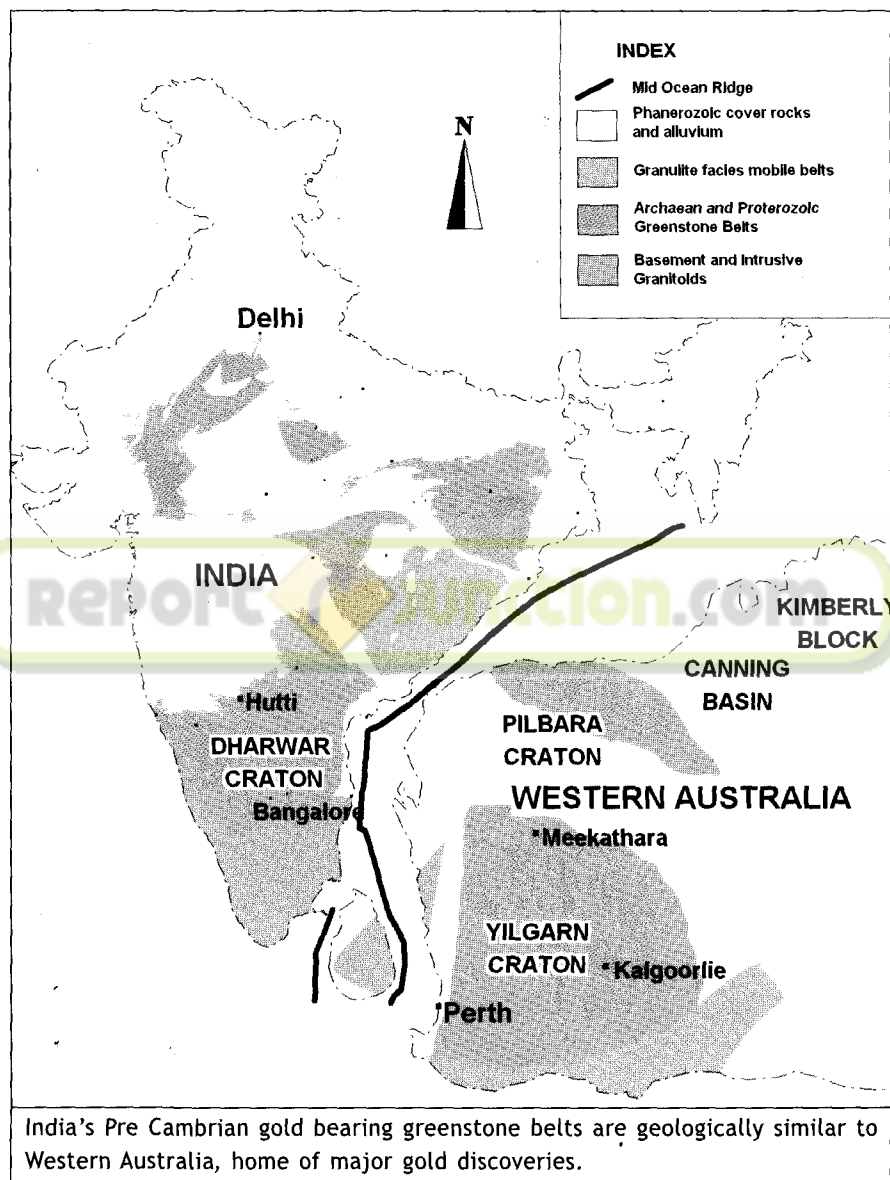
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DECCAN GOLD MINES LIMITED

Directors and Others

Chairman	Mr. Charles E. E. Devenish
Managing Director	Mr. Sandeep Lakhwara
Directors	Mr. Ashok Gupta Prof. V.K. Gaur Dr. M. Ramakrishnan Mr. K.R. Krishnamurthy
Company Secretary	Mr. Manoj Deshmukh
Auditors	V.K. Beswal & Associates Chartered Accountants Mumbai
Legal Advisors	Dua & Associates 130/1, 2 nd Floor, Ulsoor Road Bangalore 560 042
Registrars & Share Transfer Agents	Intime Spectrum Registry Limited Pannalal Silk Mills Compound C-13, LBS Marg, Bahndup (West) MUMBAI 400 078 Tel: 91 22 55555454 Fax: 91 22 55555353 Email: isrl@vsnl.com
Bankers	Standard Chartered Grindlays Bank
Registered Office	49A Nariman Bhawan, Nariman Point, MUMBAI 400 021 Tel: 91 22 22026026/22874839 Fax: 91 22 22020820 Email: info@deccangoldmines.com www.deccangoldmines.com
Corporate Office	12 SBI Colony, 7 th Main, 3 rd Block, Koramangala BANGALORE 560 034 Tel: 91 80 25506974/ 91 80 25506977 Fax: 91 80 25506973 Email: info@deccangoldmines.com

**ANNUAL REPORT 2004-2005****LETTER FROM THE CHAIRMAN**

I feel honoured to present this Annual Report for 2005 to our growing number of shareholders, which now total about 8500.

We have had several exploration successes in the last twelve months, details of which are contained in the segment titled "Report on Exploration activities" in this Annual Report. Please do take the time to read it and feel free to contact any member of our dedicated team of geologists to assist you with understanding the report.

Our focus of exploration activities over the last twelve months remained on two very highly prospective blocks - the Dharwar Shimoga exploration block spread over an area of 3453 sq km and the North Hutti block spread over an area of 501 sq km. Within these blocks we have identified several potential gold bearing zones worthy of detailed investigation. We have, as a result, filed several Prospecting Licence (PL) applications over these gold bearing zones.

The PLs, once granted, will enable us to undertake below surface investigations to substantiate our initial findings and equally importantly to undertake feasibility studies to ascertain the economics of mining in the gold bearing zones. The State Governments are taking a long time to process PL applications. We are therefore working very closely with other companies in the exploration industry and the Federation of Indian Mining Industry (FIMI), to exert pressure at the Central Government level, to fast track the granting of PLs and generally upgrade the mining regulations for the betterment of the industry. I am happy to report that the Central Government has set up a committee to address and rectify the shortcomings in the mining regulations.

During the year, we commissioned our first dedicated Reverse Circulation (RC) drilling rig, acquired at a cost of about Rs 72 Lacs into service. The rig has been very useful in undertaking reconnaissance drilling to identify the potential gold bearing zones. The operational cost of the rig has been approximately half of the costs quoted by outside sources and the availability has been continuous.

Deccan Gold also entered into a technical services agreement with De Beers (India) Private Limited during the year to enable its expertise in gold exploration to be utilized on De Beers' exploration areas in India and the latter's diamond exploration expertise to be utilized on Deccan Gold's exploration areas. The agreement is awaiting approval from the Central Government before commencement of work by the respective companies.

The results of our exploration activities make me convinced of the potential for discovering gold deposits within our exploration areas. It is only after the grant of Prospecting Licences by the government authorities that we can undertake the detailed investigation required to substantiate our initial findings of probable gold resources in certain areas and ascertain the viability of undertaking mining operations in these areas. Substantial efforts in the coming year will be directed to ensure the PLs are granted.

Finally, I wish to express my gratitude to our dedicated team of people who have performed extremely well in helping our company grow and to you, our shareholder, for your support and faith in the long term success of our company.

Warm regards

Charles E E Devenish
Chairman



DECCAN GOLD MINES LIMITED

PROFILE OF DIRECTORS

Charles E. E. Devenish

Chairman

Charles Devenish was the founder and first chairman of two publicly listed companies in the 80's and 90's that pioneered diamond exploration in Australia. For 38 years he was the principal of Charles Edward Jewellers, one of Australia's leading specialist retail and wholesale outlets with international links in Europe, Middle East and USA. He also acted as an advisor to the Government of Vietnam on the development of that country's gemstone mining and cutting industry. Devenish moved to Delhi, India in August 2002 and has been actively liaising with various government departments and providing support and guidance to progress the development of gold exploration and mining industry in India.

Sandeep Lakhwara

Managing Director

Sandeep Lakhwara has several years experience advising junior Australian exploration and mining companies on development strategies. Educated at Curtin University in Western Australia, and a member of the Australian Society of Certified Practising Accountants (CPAs), Sandeep has been a principal and partner of several Australian based accounting practices specializing in capital raisings for the mineral industry, financial planning and corporate regulatory requirements for publicly listed companies. He has lived in Australia for the last 25 years, headed various organizations in the past, at times taking small start ups to fully developed successful businesses, and moved to Bangalore a couple of years ago to oversee the development of Australian Indian Resources Pty Ltd (AIR) projects in India. He is primarily responsible for the acquisition and growth of Deccan Gold Mines Limited. He is Managing Director of AIR and Deccan Gold Mines Limited. Sandeep has made various presentations on factors influencing gold pricing, the operation and business model of international mineral exploration companies, and is regularly called upon to contribute articles on the gold mining industry to various newspapers and magazines.

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Ashok Kumar Gupta

Director

Ashok Kumar Gupta is a fellow of the Institute of Chartered Accountants of India and also has a substantial legal practice based in Mumbai, India. Gupta has wide exposure of financial activities and has sound knowledge and experience on project advisory and financing working capital arrangements, etc.

Prof V. K. Gaur

Director

Professor V K Gaur is an eminent geoscientist of this country. He is a former Director of the National Geophysical Research Institute. He is a Distinguished Scientist of the Council of Scientific and Industrial Research and Distinguished Professor at the Indian Institute of Astrophysics.

Dr. M. Ramakrishnan

Director

Dr. Ramakrishnan is a well known Precambrian Geologist. He was earlier Senior Deputy Director General of the Geological Survey of India. He is a Fellow of the Indian Academy of Sciences and Vice President of the Geological Society of India.

K. R. Krishnamurthy

Director

K. R. Krishnamurthy is a well known Mining Engineer. He was General Manager of Chitradurga Copper Company and Manager at Ashanti Gold Fields, Ghana for 10 years. He was also Mining Consultant to Bharat Gold Mines Limited and many mineral based industries in India and abroad.



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KEY PERSONNEL

Chief Consulting Geologist**Dr. V. N. Vasudev**

Dr. V. N. Vasudev is Chief Geologist. He has published several papers on the geology, structure, gold and sulphide mineralisation in Archean greenstone belts of Dharwar Craton. He has also undertaken overseas research in southeast Greenland and was associated with Russian geologists in a research project on Kolar Gold Fields, India. He was with Government of Karnataka, Department of Mines and Geology as a Senior Geologist and Mining Geologist of Chitradurga Copper Company Limited. He has carried out extensive literature research and field reconnaissance throughout India for the Company.

Technical Advisor**Dr. R. Srinivasan**

He was Senior Earth Scientist at the National Geophysical Research Institute, Hyderabad. Earlier to that he had 13 years experience in Mineral and Ground water prospecting and geotechnical investigations. Has more than 35 years of research experience on Precambrian Crustal Evolution. Areas of expertise are structural geology, sedimentology, geochemistry, geochronology, Precambrian paleobiology, heat flow and helium emanometry as applied to academic problems and mineral exploration. He has worked in different parts of India and has also carried out field studies in USA, Canada, Russia, Western Australia and Ceylon. He is a Fellow of all the three National Science Academies of the country.

Geological Consultant**S.C.R. Peshwa, M.Sc., FGS**

He worked as a Mining & Exploration geologist for 13 years upto 1996 with the Bharat Gold Mines Limited. From 1996 to 2002 worked as a Project Manager with ACC Ltd., and was involved in exploration of gold and other minerals. Successfully carried out gold prospecting in Red Sea hills region of Sudan. Mr. Peshwa is now responsible for all our projects in the Hutti Region.

Geological Consultant**Dr. Modali H. Prasad**

He has 8 years experience as geologist in Geological Survey of India. He has carried out geological mapping and mineral resources assessment particularly gold, copper and nickel in the supra crustal belts in parts of Mahakoshal belt, Betul and Sakoli belt in Central India.

Geological Consultant**K. T. Shashi Kumar**

He has over 45 years experience in Exploration and Mining Geology. He has worked at different levels as field geologist, coordinator, project manager and at Senior Management level overseeing number of successful exploration projects in the country and overseas. He has worked both in the private sector and for government owned organisations such as Indian Bureau of Mines, Geological Survey of India and Mineral Exploration Corporation Limited and premier exploration agencies in the country.

Head-Legal & Company Secretary**Manoj Deshmukh**

Manoj Deshmukh is a law graduate and Fellow Member of the Institute of Company Secretaries of India. He has more than 15 years of experience in the field of Company Law and other corporate laws. During this span of his career, he has handled number of take-overs, mergers, amalgamations, IPOs joint ventures, foreign collaborations, etc. He is in charge of legal and secretarial matters and looks after compliances under various statutes.



DECCAN GOLD MINES LIMITED

EXPLORATION PERMITS AND APPLICATIONS

Mineral exploration licences in India are granted in three stages:

- ▣ Reconnaissance Permit (RP)
- ▣ Prospecting Licence (PL)
- ▣ Mining Lease (ML)

During 2005, Deccan Gold Mines Limited (DGML), made fresh Reconnaissance Permit applications over an area of 8,026 sq km in the States of Kerala, Karnataka and Andhra Pradesh (*See Table 1*).

It is a pleasure to report that the Government of Kerala has granted Deccan its first RP for gold exploration over an area of 834 sq km in the Attappadi Valley. Other Deccan applications for RPs in Kerala are pending.

By agreement with two private AIR Group companies, Geomysore Services (India) Private Limited (GMSI) and Indophil Resources Exploration Services (India) Private Limited. Deccan has secured an additional 2,021 sq km of RP land prospective for gold in Karnataka (*See Table 2*).

Deccan has applied for Prospecting Licences over an area of 85 sq km in Karnataka and Kerala. These are first-in-time applications and are under active consideration for grant by the respective State Governments.

By agreement with the two private AIR Group companies mentioned above, another 267 sq km for exploration under PLs will be made available to Deccan when the licences are granted to the other companies. (*See Table 3*).

Deccan is also in the process of obtaining a Mining Lease (ML) over an area of 2 sq km in Rajasthan, targeting silver. By agreement with GMSI, Deccan has two other ML applications pending over areas of 6 sq km and 0.24 sq km respectively in Andhra Pradesh and Karnataka (*See Table 4*).

TABLE 1 RP APPLICATIONS BY DGML IN INDIA

RP Nos.	Block Name	District	State	Area in sq km
DGML.RPA-1	Attappadi*	Palakkad	Kerala	834
DGML.RPA-2	Hutti South	Raichur	Karnataka	1000
DGML.RPA-3	Hiriyur Block (Paramenahalli area)	Chitradurga & Tumkur	Karnataka	596
DGML.RPA-4	Harapanahalli (Konganahosuru Area)	Chitradurga, Bellary & Dharwad	Karnataka	1370
DGML.RPA-5	Ramagiri	Anantapur	Andhra Pradesh	2430
DGML.RPA-7	Mangalur-Jainapur	Gulbarga	Karnataka	408
DGML.RPA-8	Mavinahole	Shimoga	Karnataka	188
DGML.RPA-9	Nilambur	Malappuram	Kerala	1200
8			TOTAL	8026

*RP granted by Government of Kerala

TABLE 2 : RP BLOCKS AVAILABLE TO DGML FOR EXPLORATION UNDER AGREEMENT WITH INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) Pvt.Ltd.

RPA No.	Block Name	District	Granted Area in sq km	Retained Area in sq km.
RPA 32b	Hutti North	Raichur	501.48	250.74
RPA-7B	Dharwar	Dharwar	3453	1000
RPA-7C	Hanagal	Haveri	1542.2	771
	TOTAL		5496.68	2021.74



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TABLE 3 : PL APPLICATIONS BY DGML

PL No.	Block Name	District	State	Area in sq km
DGML.PL-1 DGML.PL-2	Kempinkote Puttumala	Hassan Palakkad	Karnataka Kerala	4 81
2			TOTAL	85

PL TENEMENTS OF INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PVT. LTD and GEOMYSORE SERVICES (INDIA) PVT.LTD.

WHICH WILL BE AVAILABLE FOR EXPLORATION BY DGML

PL No.	Block Name	District	State	Area in sq km
IRES-1	Hutti North	Raichur	Karnataka	5
IRES-2	Ganajuru-Karjagi	Haveri-Dharwar	Karnataka	2.3
IRES-3	Uti	Raichur	Karnataka	2.9
IRES-4	Yatkal-Hirenagnur	Raichur	Karnataka	28
IRES-5	Wandalli	Raichur	Karnataka	90
IRES-6	Kulavalli	Belgaum	Karnataka	2
IRES-7	Yelagatti	Raichur	Karnataka	9
IRES-8	Turkara-Sigihalli	Belgaum	Karnataka	1.7
IRES-9	Bhavihal	Dharwad	Karnataka	1.5
IRES-10	Mangalagatti	Dharwar	Karnataka	4
IRES-11	Ganajur-Extension	Haveri	Karnataka	8
IRES-12	Lakkikoppa	Haveri	Karnataka	5
GMSI.PL-3	Ramagiri	Anantapur	Andhra Pradesh	20
GMSI.PL-4	Sanbal-Maski	Raichur	Karnataka	14.7
GMSI.PL-5	Buddini	Raichur	Karnataka	8
GMSI.PL-7	Mangalur	Gulbarga	Karnataka	1.2
GMSI.PL-8	Jainapur	Gulbarga	Karnataka	1.1
GMSI.PL-12	Udbal-Dinnisamudra	Raichur	Karnataka	35
GMSI.PL-13	Boksampalle	Anantapur	Andhra Pradesh	17
GMSI.PL-14	Virapur	Raichur	Karnataka	7
GMSI.PL-15	Mukangavi	Gulbarga	Karnataka	4.5
21			TOTAL	267.9

IRES = Indophil Resources Exploration Services (India) Private Limited It is a 100% owned subsidiary of Deccan Gold Mines Limited The company was acquired on 3rd March 2005.

GMSI = Geomysore Services (India) Private Limited is an associated company of DGML

TABLE 4 : ML APPLICATIONS BY DGML IN INDIA

RP Nos.	Block Name	District	State	Area in sq km
DGML.ML-1	Bharak	Bhilwara	Rajasthan	2
IRES- 1	Mangalgatti	Dharwar	Karnataka	0.24
			TOTAL	2.24

