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CORPORATE INFORMATION

Chairman	: Mr. Charles E.E. Devenish
Managing Director	: Mr. Sandeep Lakhwara
Directors	: Mr. K.R. Krishnamurthy Dr. M. Ramakrishnan Prof. V.K. Gaur
Head-Legal & Company Secretary	: Mr. S. Subramaniam
Auditors	: M/s. V.K. Beswal & Associates Chartered Accountants, Mumbai.
Legal Advisors	: M/s. Crest Law Partners No. F-3, Ligoury Court, 7, Palmgrove Road, Victoria Layout, Bangalore – 560 047.
Registrars & Share Transfer Agents	: Link Intime India Private Limited Pannalal Silk Mills Compound, C-13, LBS Marg, Bandhup (West), Mumbai – 400 078. Tel : 91-22-25963838 Fax : 91-22-55555353 Email: mumbai@linkintime.co.in
Bankers	: Standard Chartered Bank
Registered Office	: A-303, "Prathamesh", 3 rd Floor, Raghuvanshi Mills Compound, 11-12, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel : 91-22-40764444 Fax : 91-22-40764466 Email : info@deccangoldmines.com Web : www.deccangoldmines.com
Corporate Office	: 'Raja Ikon Building', # 89/1, 4 th Floor, Marathahalli Outer Ring Road, Bangalore – 560 037. Tel : 91-80-40428400 Fax : 91-80-40428401 Email : info@deccangoldmines.com



PROFILE OF DIRECTORS

CHARLES E.E. DEVENISH

Chairman

Charles Devenish has extensive experience spanning 35 years in mining, with a large range of interests in India, Australia and Burma. He has strong involvement in mineral exploration in Australia and overseas for decades and was the founder and first chairman of two publicly listed companies in the 1980's and 1990'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. Charles moved to India in August, 2002 and ever since 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. Charles' active role in exploration and mining projects, his profound knowledge of the mining industry, his extensive corporate background and his concerns for Indian rural development based on mining provide significant and valued input to the Company.

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 lived in Australia for 25 years, headed various organizations in the past, at times taking small start-ups to fully developed successful businesses, and moved to Bangalore, India during 2002 to oversee the development of the mineral exploration projects in India. He is primarily responsible for the acquisition and growth of Deccan Gold Mines Limited and is the Managing Director of the Company. 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.

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 advises many mineral based industries in India and abroad.

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.

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.



KEY PERSONNEL

CHIEF CONSULTING GEOLOGIST

DR. V. N. VASUDEV

Dr. V.N. Vasudev is Chief Consulting Geologist. An INSA Young Scientist Awardee with several years of experience in mineral exploration, Dr. Vasudev has published several papers on the geology structure, gold and sulphide mineralization 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.

GEOLOGICAL CONSULTANT

S. C. R. PESHA, M.SC., FGS

Mr. Peshwa has nearly 25 years of experience as a mining and exploration geologist and specializes in gold exploration and resource modeling studies. He worked as a Mining & Exploration Geologist for 13 years with Bharat Gold Mines Limited. He has the distinction of working in the world famous Champion Reef Mine and carried out detailed exploration of Champion lode system both in deep and shallow levels. This has resulted in delineating new parallel lodes of the Champion Lode system. From 1996 to 2002 he worked as a Project Manager with ACC Limited and was involved in exploration of gold and other minerals. Mr. Peshwa is an RQP holder from the Indian Bureau of Mines. He successfully carried out gold prospecting in the Red Sea hills region of Sudan. Mr. Peshwa is responsible for all the Company's projects in the Hutti region.

GEOLOGICAL CONSULTANT

DR. M. K. DEVARAJAN

Dr. Devarajan guides the exploration activities in respect of some gold exploration projects of the company. He was with the Geological Survey of India for 17 years and while in GSI, had carried out geological mapping and exploration for copper in the extension areas of the world class Malanjkhand of Central India. He had also carried out exploration for manganese in the Sausar belt and for gold in the Mahakoshal belt. He also led the investigations for the site selection studies of a Nuclear Power Plant in the Ratnagiri District of Maharashtra.

GEOLOGICAL CONSULTANT

DR. M. HANUMA PRASAD

Dr. Hanuma Prasad has 15 years of experience as Exploration Geologist. Earlier he worked for Geological Survey of India for 8 years as a Geologist. 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. He has several important publications to his credit.

CONSULTING MINING ENGINEER

MR. DEEPAK VIDYARTHI

A qualified Mining Engineer, Mr. Deepak possesses over 36 years of experience in the mining industry which include 3 years with NMDC Limited as Executive Director, 11 years in the Kudremukh Iron Core Co Ltd and



21 years with the Kolar Gold Mines. He also holds a First Class Mine Managers' Certificate of Competency to manage a Metalliferrous Mine. Mr. Deepak has got rich experience in the field of mine production and planning, project management, mine construction, mechanized mine development etc. Mr. Deepak is widely travelled and has got several presentations / publications to his credit.

HEAD-LEGAL & COMPANY SECRETARY

MR. S. SUBRAMANIAM

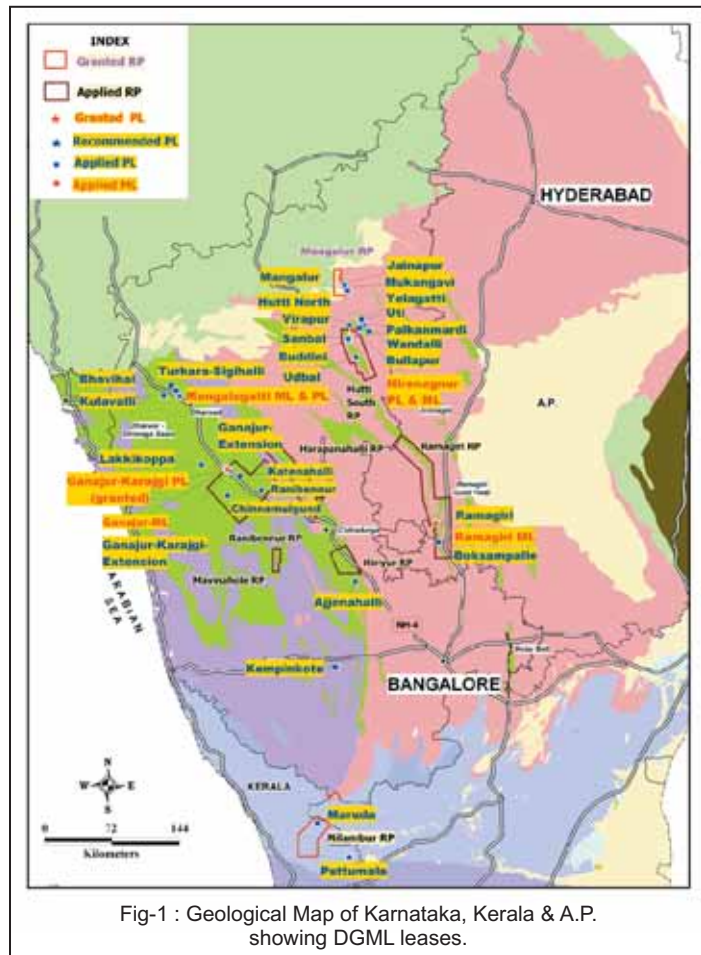
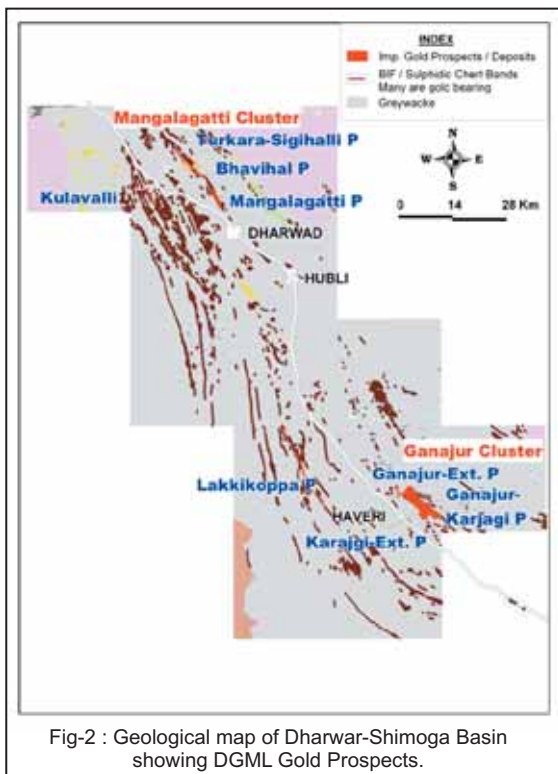
Mr. Subramaniam is an Associate Member of the Institute of Company Secretaries of India and a Law Graduate. He has 16 years of experience in the field of Company Law and other corporate laws. During his career, he has handled mergers, amalgamations, joint ventures, foreign collaborations etc., He is in charge of the legal and company secretarial matters and also functions as the Compliance Officer of the Company.



REPORT ON EXPLORATION ACTIVITIES

DHARWAR-SHIMOGA GOLD EXPLORATION PROJECT, KARNATAKA STATE

This Project forms part of Archaean Western Dharwar Craton in the State of Karnataka. Deccan Exploration Services Private Limited (DESPL), a wholly-owned subsidiary of Deccan Gold Mines Limited, (DGML) explored a large area of 5,329 sq km of the Dharwar-Shimoga Greenstone belt covered under 3 RP blocks and resulting in identifying 22 gold prospects (Fig-1,2). Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert. Prospects around Dharwar towards north (Dharwar Cluster) and Haveri in the south (Ganajur-Karajgi Cluster) are considered as significant discoveries. Seven (7) Prospecting Licence (PL) and two (2) Mining Lease (ML) applications covering all the important prospects of Dharwar-Shimoga basin were filed. The Ganajur-Karajgi PL was granted where detailed exploration is underway. The remaining applications are under various stages of processing. The updates on the Dharwar-Shimoga Belt Projects are presented below:



GANAJUR MAIN GOLD DEPOSIT ITS SATELLITE PROSPECTS:

As our shareholders are aware, DESPL holds a Prospecting Licence (PL) over an area of 2.2 sq.kms which covers the Ganajur Main gold deposit and its adjoining gold prospects all of which were new discoveries by the Company. The PL is in the third year of its execution and DESPL has submitted application for renewal of the same for an additional two years to continue further exploration in the PL block.

The PL Block has been explored by using multi disciplinary techniques as per international standards. The exploration efforts have resulted in upgrading the project in terms of resource augmentation and value addition. The PL block comprises the highly rated Ganajur Main Gold Deposit which has now progressed into an advanced project that is surrounded by other seven (7) Satellite Prospects known as Ganajur East, South, South East, Central prospects, Karajgi



Main, Karajgi East and Hut prospects (**Fig-3**). Exploration carried out so far has demonstrated that the Ganajur-Karajgi PL block is an important mineralised corridor with possibility of mining and finding additional gold resources.

Mining Lease under approval of the Ministry of Mines, New Delhi:

A Mining Lease (ML) application for 0.29 sq.kms of DESPL over the Ganajur Gold Project is currently awaiting approval of the Ministry of Mines, Government of India (MoM) after it was recommended by the State Government of Karnataka (SG).

The Indian Bureau of Mines (IBM) has replied to the queries raised by MoM relating to categorization of gold resources for the Ganajur Main Gold Deposit under UNFC guidelines. The query from MoM

originated from the earlier report sent by Indian Bureau of Mines (IBM) to the MoM on 25-11-2011 that categorized Ganajur Resources under 331 which is equivalent to Measured Resource category as per JORC standards. This report of IBM was based on information in its possession prior to SRK completing its Scoping Studies.

IBM after examining the representations made by DESPL along with supporting documentation has reported to the MoM stating that the economic viability of the Ganajur Project has been established and as such the earlier classification under UNFC 331 category could be upgraded to UNFC 121 category which is known as "Economic Probable Mineral Reserve" category.

Preparation of Mining Plan:

DGML has made all out efforts to speed up the implementation of the project while the approval of the ML is awaited. We are in the process of preparing the Mining Plan which would be submitted to Indian Bureau of Mines as per Rule 22(4) of MCR-1960 once the Letter of Intent from the State Government is obtained. Concurrently we have also

completed the Environmental Base line data studies which will be part of the Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) of the Mining Plan.

DGML has also submitted application for Terms of Reference (ToR) along with Pre feasibility report for the proposed 2000 TPD gold ore processing plant, pre-requisite for obtaining the Environmental Clearance from the Ministry of Environment and Forest (MOEF). We are also in the process of finalizing the Terms of Reference for the proposed Ganajur Main Open pit mine (**Fig-4**).

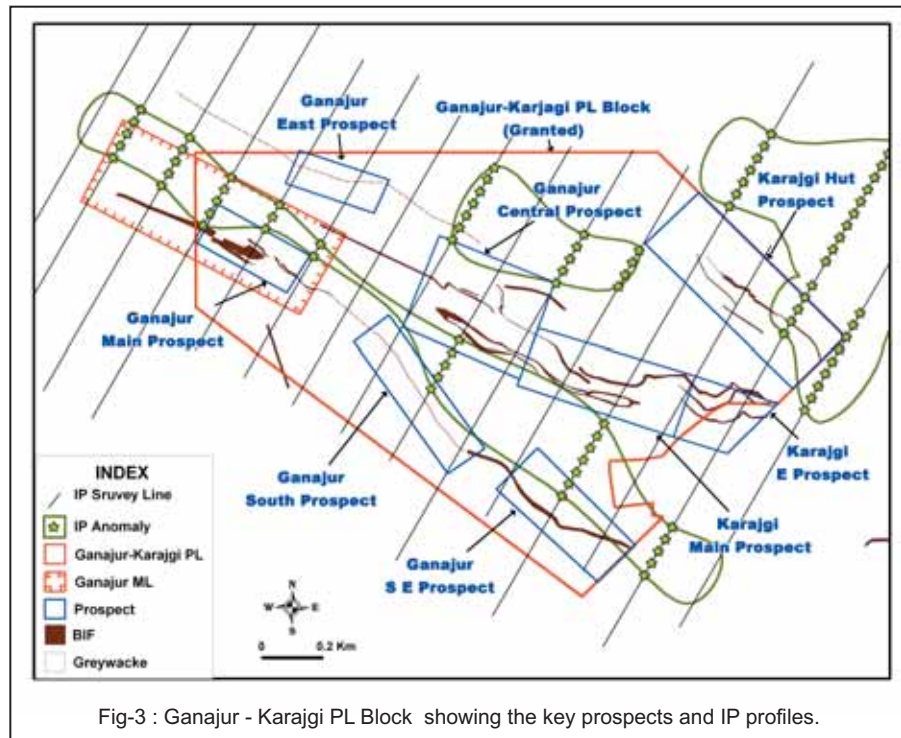


Fig-3 : Ganajur - Karajgi PL Block showing the key prospects and IP profiles.

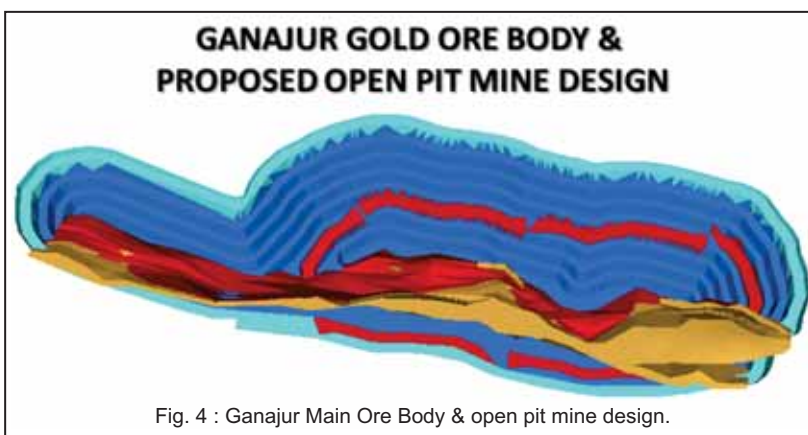


Fig. 4 : Ganajur Main Ore Body & open pit mine design.



Government of Karnataka's approval for land acquisition:

DESPL has received a Government Order (G.O.) after the State High Level Clearance Committee (SHLCC) cleared our request for allotment of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant. The G.O. has approved DESPL's request for additional 55 acres of land from 145 acres to 200 acres at Ganajur Village in Haveri District, Karnataka for the proposed gold mine and processing plant.

The G.O. has also facilitated land acquisition process through Karnataka Industrial Areas Development Board (KIADB). DESPL would be submitting the application to the KIADB shortly. DGML has also entered into a long term lease agreement with land owners of the proposed gold mine that would be of help at the time of land acquisition.

INDEPENDENT EVALUATORS' REPORT

DGML commissioned SRK Mining Services (India) Private Limited (SRK) to complete an updated mineral resource estimate and Preliminary Economic Assessment of the Ganajur Main Gold Deposit (Fig-5).

SRK submitted an updated Mineral Resource Statement in accordance with the Australasian Code for Reporting of Exploration Results known as JORC Standard. SRK estimated a total of 308,000 ounces of gold, out of which 255,000 ounces are under indicated category (Table-1). The resource has been estimated up to a depth of 120 metres. The updated mineral resource model formed the basis for evaluating the viability of Ganajur Gold project.

SRK submitted its final Report on 3 February, 2012 and the entire report is available in the DGML website www.deccangoldmines.com.

The Scoping study addressed the mine optimization, process design, waste disposal and management plans, site lay out and infrastructure, capital /operating expenditure estimates, project economics (including key risks and opportunities) and future work programme.

The Study has revealed that project economics is technically and economically attractive that could be improved upon considering the fact that there



Fig-5 : SRK Team's Field Visit at Ganajur-Karajgi PL Block.

CATEGORY AS PER SRK (JORC)	Quantity (tonnes)	Grade (g/t)	Gold (ounces)	UNFC CODE AS PER IBM
1. INDICATED				
A. SULPHIDE	1,921,000	3.83	237,000	
B. OXIDE	631,000	3.19	65,000	
TOTAL INDICATED	2,552,000	3.67	301,000	121
2. INFERRED				
A. SULPHIDE	93,000	1.82	5,000	
B. OXIDE	17,000	3.26	2,000	
TOTAL INFERRED	109,000	2.06	7,000	

Table-1, Updated Mineral Resource

are a number of highly prospective gold bearing targets in the PL block with distinct possibilities of adding to the existing mineral resource. SRK's scoping studies have demonstrated that at a sustainable gold price greater than USD850/oz, the Ganajur Main Project has the potential to be developed into a viable open-pit mining operation. The key aspect of the scoping study was cash flow projection and project valuation.

A valuation of the Project has been derived based on the application of Discounted Cash Flow (DCF) techniques. In summary, at an Au price of USD1250/oz and a 10% discount rate the project has an NPV of USD37.39M. At the prevailing gold price of US\$1700/oz the project represents a very attractive proposition. Sensitivity analysis of the project at different gold prices is given below:

PROJECT VALUATION AND SENSITIVITY ANALYSIS UNDER DIFFERENT GOLD PRICE SCENARIOS

DESCRIPTION	UNIT	1000	1100	1250-BASE CAE	1400	1500	1650
NET PRE TAX CASH FLOW	MUSD INR-CRORES	70.86 318.87	92.36 415.62	124.61 560.75	156.85 705.83	178.35 802.58	210.6 947.70
NPV @ 10% DISCOUNT RATE	MUSD INR-CRORES	14.88 66.96	23.88 107.46	37.39 168.26	50.89 229.01	59.87 269.42	73.17 329.27
IRR	%	20.15	25.61	33.11	39.95	44.22	50.24



Positive indications through Ground Geophysical IP survey:

The discovery at Ganajur Main and the surrounding prospects in the PL block indicated possibility of locating moderate to large scale system hosting gold mineralization. As a step towards achieving the objective, a multi-parametric geophysical exploration campaign was carried out employing Transient Electromagnetic Survey (TEM) followed by a detailed Induced Polarization (IP) survey to delineate conductive zones and also to locate geological structures favorable for hosting gold mineralization in the Ganajur –Karajgi PL Block. The survey was undertaken by internationally renowned Elliot Geophysics- Australia. A total of 17.4 line kms of IP survey was completed at different dipole spacing. The IP survey defined a major resistive feature in the southern half of the survey area.

The IP survey has also clearly brought out a strong linear Chargeability anomaly with high resistivity background for 2.8 kms, part of which encloses the 600 metre long Ganajur Main Gold Deposit (**Fig-6**). This new discovery indicates that the Mineralised BIF that hosts the Ganajur Main ore body could now probably extend for nearly 2.8 kms. The 2D Inversion model also indicates that the Ganajur Main ore body and its extension may continue beyond 150metre depth (**Fig-7**).

Apart from this, a strong chargeability anomaly accompanied by positive metal factor values is noticed towards north eastern corner of the PL block. This is once again a new discovery that will be explored by drilling. In addition to these two zones a moderate IP anomaly is seen in the central portion of the PL area.

The drilling at Ganajur Main prospect indicated the presence of 16-18% sulphides within the ore body. In order to explore such high content of sulphides, a 100m moving loop TEM survey was carried out along 9 lines. The TEM survey showed up a broad but shallow conductive feature in the NW part of the PL area. It also highlighted a small bull's eye anomaly centered on line 800E, which represents a narrow conductive feature.

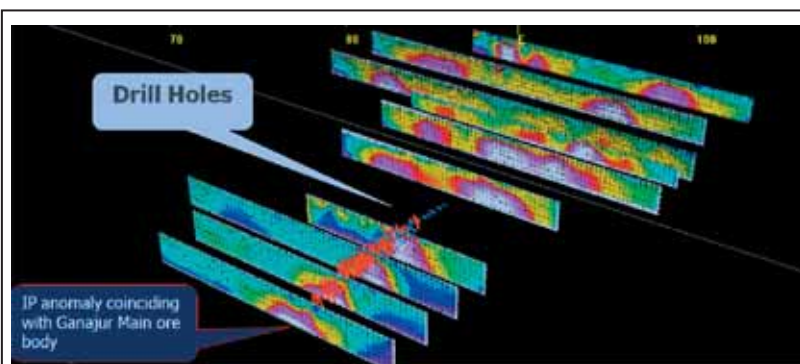


Fig-6 : Stacked 2D IP inversion models showing Ganajur Main ore body.

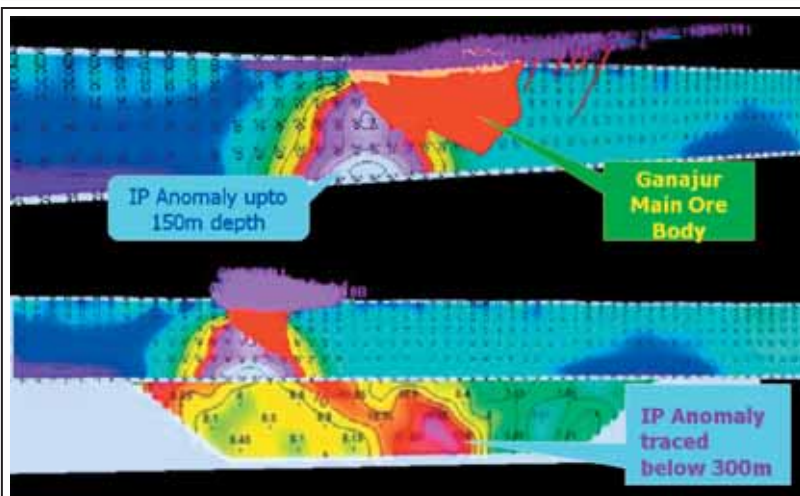


Fig-7 : 2D Inversion model showing deep seated IP Anomaly, Ganajur-Karaji PL.

To summarize, Geophysical IP survey has been very successful in tracing new zones of possible gold mineralization. Comparing the present information on hand with other gold deposits of similar geological settings elsewhere in the World, it could be inferred that the PL Block holds the potential for finding about a million ozs of gold resource within the Ganajur-Karajgi PL block that would require detailed exploration by drilling.

Reconnaissance drilling to test the Geophysical anomalies:

DESPL recently completed a total of 1,262m of diamond core drilling in the Ganajur-Karajgi PL Block spread over 6 locations which included 3 deep holes in the Ganajur Main deposit; 2 holes at Karajgi Main Prospect and one in the Ganajur South East Prospect (**Fig-8**).



Fig-8 : Diamond Core Drilling operation at Ganajur Main Prospect, Ganajur-Karaji PL.



The results are highly encouraging as they have demonstrated the possibility of increasing the overall resource base of the Ganajur Gold Project. A brief account of the drilling programme is presented below:

Karajgi Main Prospect: Karajgi Main is located at 1 km South East of Ganajur Main Prospect. It is rated by DGML as one of the most important among the prospects in the PL block. Exploration in Karajgi Main prospect during the RP stage had defined two sulphidic gold bearing zones- A and B with significant gold grades and width. The zone B has a drilled resource of 90,000 tonnes averaging 2.23 g/t. Ancient open pits are noticed all along this prospect.

DESPL completed two diamond drill holes in this prospect in order to confirm the earlier promising results as well as to understand the structural control of gold mineralization.

- Out of two holes drilled at Karajgi Main Prospect, KMC-01 (**Fig-9**) intersected two significant zones of gold mineralisation. The first one is 5.0 m thick which passed through between 45.50 to 50.50m averaging 7.43 g/t gold including a high value of **33.60 g/t**.
- The second zone is 9.0 m thick and was encountered between 71.1 and 80.1m averaging 3.19 g/t gold.

The results from Karajgi Main Prospect has confirmed the existence of high grade gold bearing zones and distinct possibility of finding additional resources in the prospect subject to additional drilling.

Ganajur Main Deposit: The IP geophysical surveys in this block had indicated the possibility of depth ward extension of the Ganajur Main Deposit below the existing drilled resource. Structural interpretation and the deep seated IP signature have indicated possible repetitions of the folded structure of the Ganajur Main Ore body. To explore

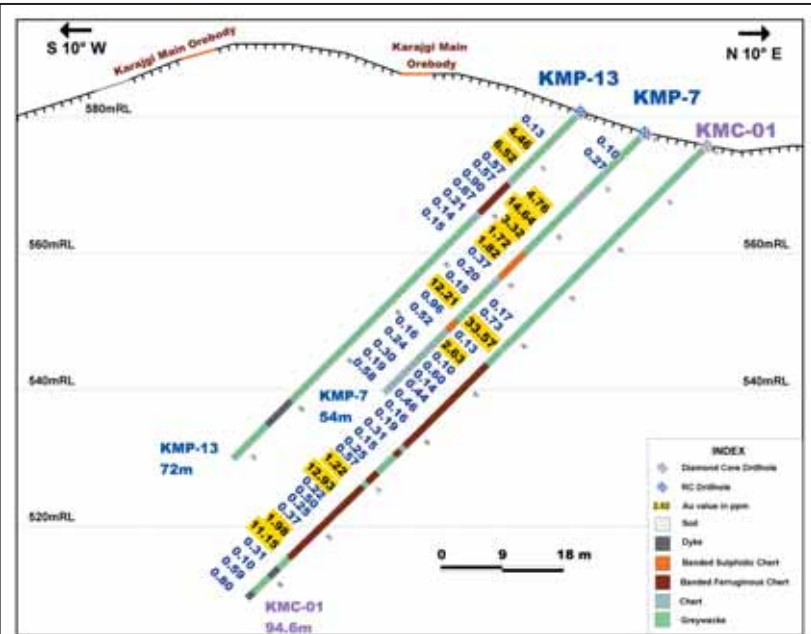


Fig-9: Drill hole Cross Section of KMP-13, KMP-7 & KMC-01, Karajgi Main Prospect.

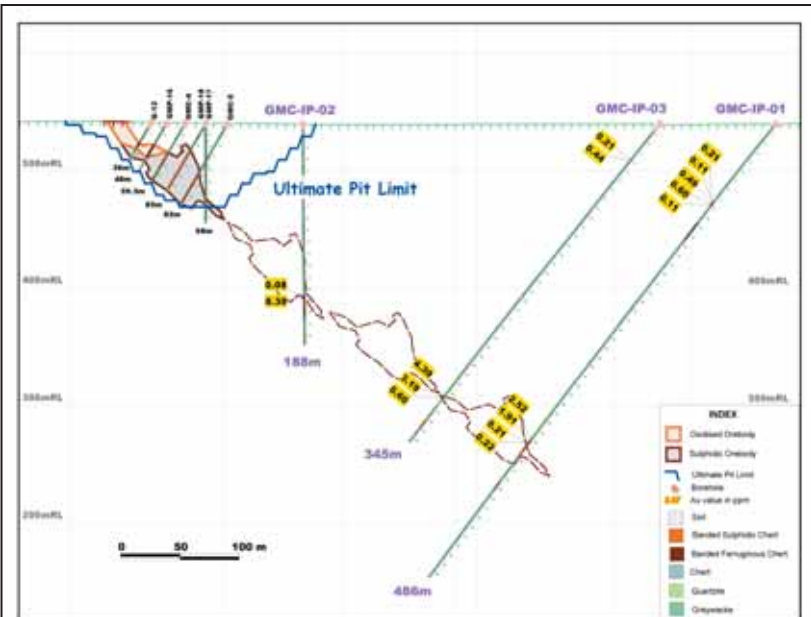


Fig-10 : Drill hole Cross Section of GMC-IP-01, GMC-IP-02 & GMC-IP-03, Ganajur Main Prospect.

the structural interpretation and IP anomaly, three bore holes were drilled to meet the inferred ore body at different depth intervals (**Fig-10**). All the drill holes passed through the gold-bearing rock indicating the depth-ward extension of Ganajur Main Ore body. The drill results are summarized below:

- GMC-IP-03 intersected 1.5 metres of sulphidic chert between 296.50m to 298m analyzing gold values in the range of 0.60 to 4.39 g/t.