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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 : 91-22-25946969 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.

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.

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.

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. Dr. Vasudev has several new mineral discoveries to his credit including the Ganajur Gold deposit in Karnataka during the Reconnaissance stage.

GEOLOGICAL CONSULTANT

S. C. R. PESHA, FGS (LOND)

Mr. Peshwa has nearly 30 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. He successfully carried out gold prospecting in the Red Sea hills region of Sudan. Mr. Peshwa is responsible for the DGML's Gold Projects and has implemented different exploration methods as per international standards. Mr. Peshwa is an RQP awarded by Indian Bureau of Mines. Being a Fellow of Geological Society of London, he also qualifies as a competent person as defined by the JORC Code.

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 Malankhand 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 Ore Co Ltd and 21 years with the Kolar Gold Mines. He also holds a First Class Mine Managers' Certificate of Competency to manage a Metalliferous 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 17 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 area 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 an area of 5,660 sq km of the Dharwar-Shimoga Greenstone belt covered under 3 RP blocks and identified 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 (8) Prospecting License (PL) and two (2) Mining Lease (ML) applications, covering all the important prospects of Dharwar-Shimoga basin, were filed. The Ganajur-Karajgi PL, within the southern Ganajur-Karajgi cluster, was granted in the year 2009. The Mangalagatti PL, which is located in the northern Dharwar Cluster, has been granted in the year 2013 and the execution process is underway. The remaining applications are under various stages of processing. The updates on the Dharwar-Shimoga Belt Projects are presented below:

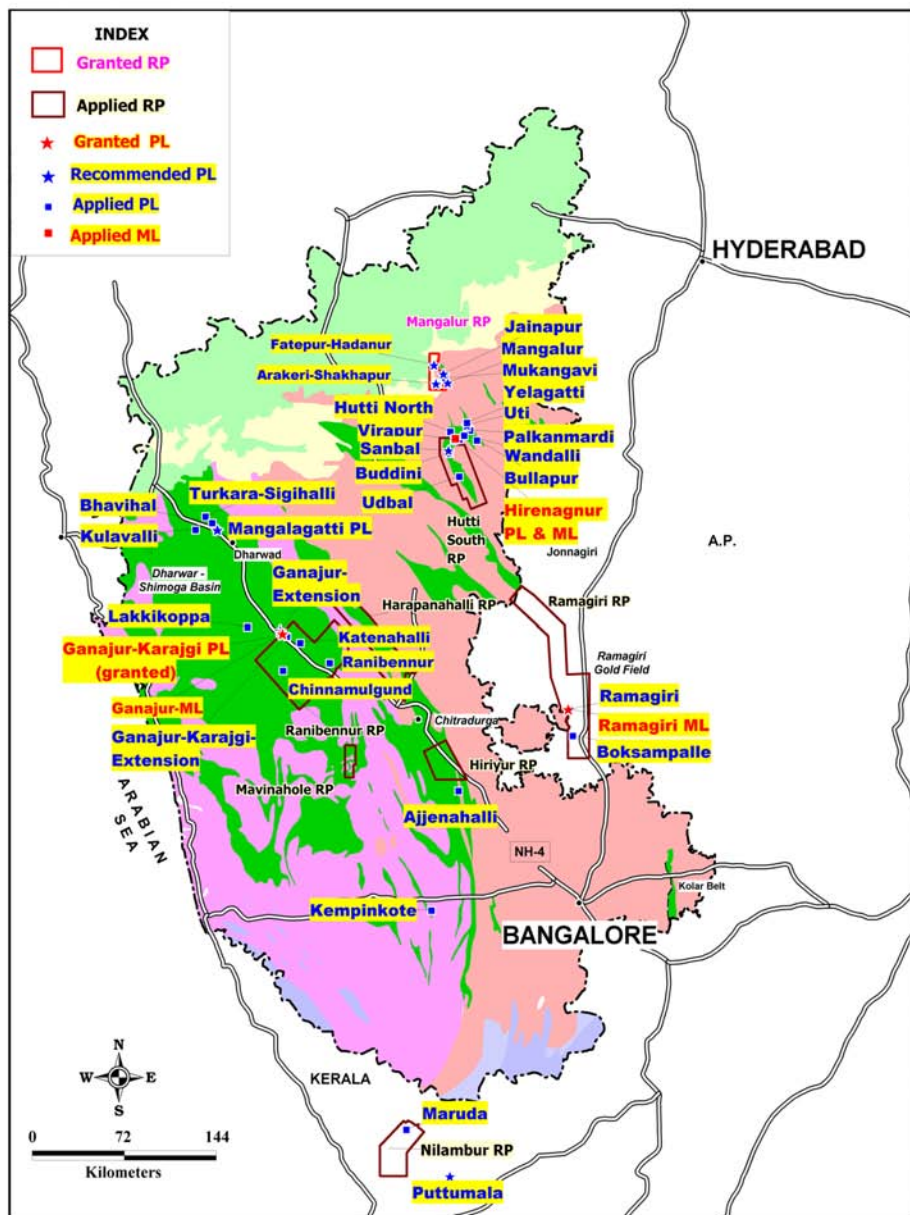


Fig.1: Geological Map of Karnataka, Kerala & A.P. Showing DGML - related applications, one granted PL and one recommended ML. The status of applications is provided in a Table on page 20.

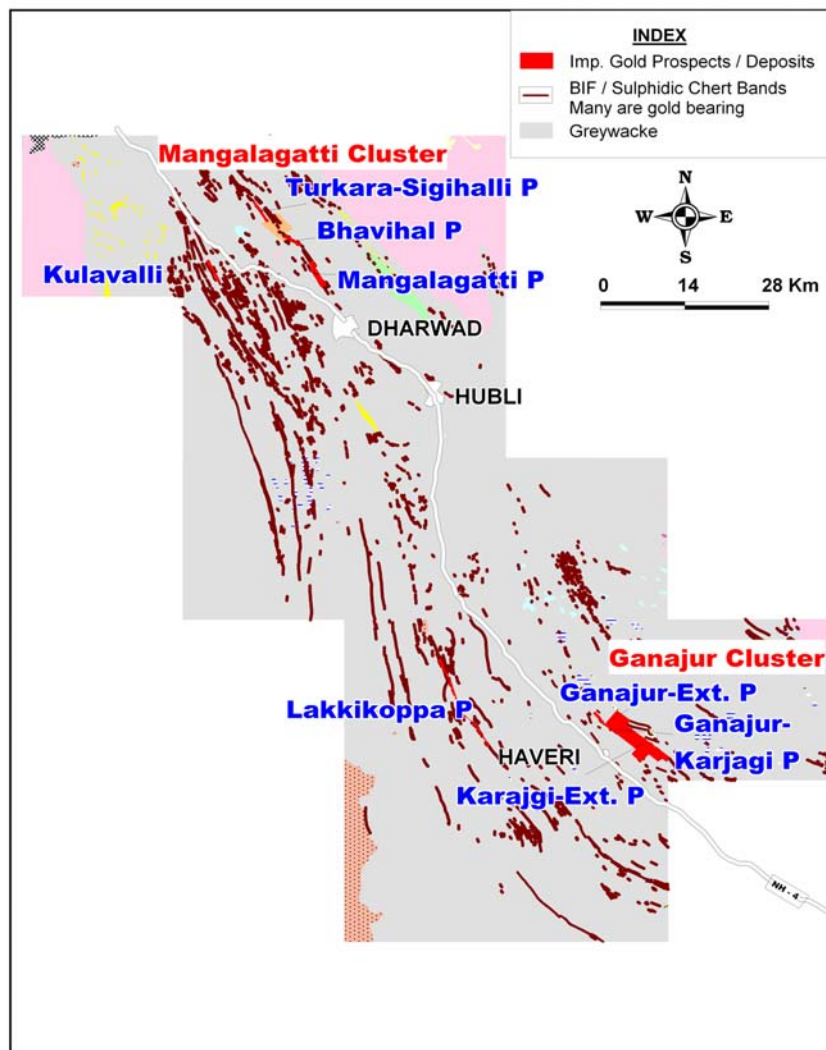


Fig-2 : Geological map of Dharwar-Shimoga Basin showing DGML Gold Prospects.

GANAJUR MAIN GOLD DEPOSIT & ITS SATELLITE PROSPECTS IN THE SOUTHERN GANAJUR – KARAJGI CLUSTER

DESPL holds a Prospecting Licence (PL) over an area of 2.2 sq.kms in the Ganajur – Karajgi block since 2009. The Ganajur – Karajgi PL block covers the Ganajur Main gold deposit and several satellite gold prospects, viz., Ganajur East, Ganajur South, Ganajur South East, Ganajur Central, Karajgi Main, Karajgi East and Hut prospects (Fig. 3). The initial 3 year PL period is completed and DESPL has submitted application for renewal of the same for an additional two years. As it is considered to be “deemed renewal”, DESPL continues to carry out further exploration in the PL block.

During the initial 3 year period, the PL Block has been explored by using multi disciplinary techniques as per international standards. The exploration work carried out included systematic geological mapping, geophysical surveys and several phases of Diamond Core & RC drilling. These exploration efforts have resulted in upgrading

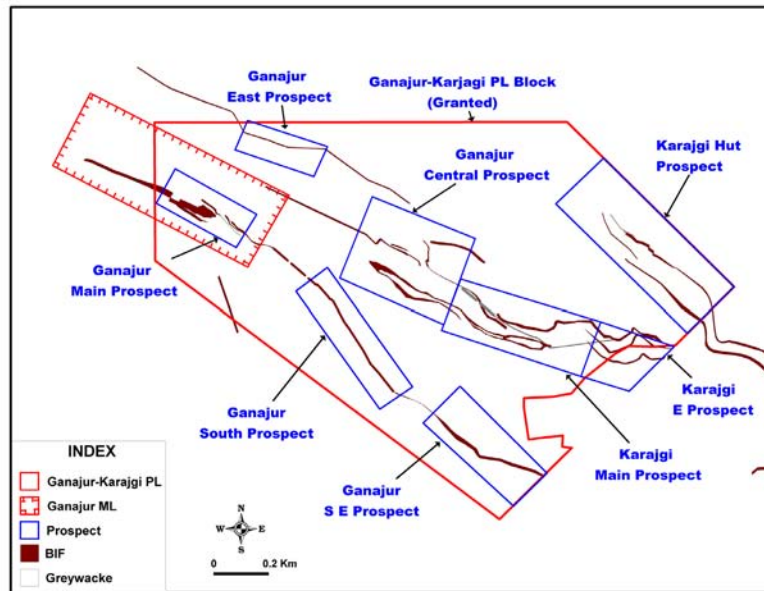


Fig-3 : Ganajur - Karajgi granted PL Block showing the key prospects & the ML block which is under consideration of the Ministry of Mines, Govt. of India.

the project in terms of resource and overall value, particularly the Ganajur Main Gold Deposit. Summary of the work carried out during the initial 3 years of PL tenure is given in table-1:

Table-1, SUMMARY OF EXPLORATION WORK CARRIED OUT IN GANAJUR-KARAJGI PL BLOCK (FIRST 3 YEARS)			
SL NO	TYPE OF EXPLORATION	UNIT	QUANTUM
1	TOPOGRAPHIC SURVEY	SQ.KMS	2.2
2	GEOLOGICAL MAPPING (1: 2000 AND 1:5000 SCALE)	SQ.KMS	2.2
3	GROUND GEOPHYSICAL MAGNETIC SURVEY	LINE KMS	288
4	GROUND GEOPHYSICAL SP-RESISTIVITY SURVEY	LINE KMS	16.5
5	GROUND GEOPHYSICAL IP SURVEY	LINE KMS	17.4
6	GROUND GEOPHYSICAL EM SURVEY	LINE KMS	9
7	TRENCHING	LENGTH (M)	746.56
8	SAMPLING AND ANALYSIS	Nos	2117
9	DRILLING		
	A. RC DRILLING (51 DRILL HOLES)	METRES	2328
	B. DIAMOND CORE DRILLING (37 DRILL HOLES)	METRES	3766
	TOTAL DRILLING		6094.14
10	COMPREHENSIVE METALLURGICAL STUDIES (AMMTEC)	KGS	200
11	ENVIRONMENTAL BASE LINE DATA COLLECTION (AIR, DUST FALL, NOISE, WATER, SOIL)	SAMPLES	207
12	MINERAL RESOURCE ESTIMATION BY SRK (AS PER JORC)	COMPLETED	
13	SCOPING/PRE-FEASIBILITY STUDIES (for Ganajur Main Gold Project)	COMPLETED	
14	LAND ACQUISITION	IN PROCESS	

GANAJUR MAIN GOLD DEPOSIT :

Ganajur Main Gold Deposit is situated in the northwestern part of the Ganajur – Karajgi PL (Fig-3). Ganajur Main Deposit has been the key project of DESPL ever since its discovery and hence the project attracted continuous attention in terms of exploration and upgradation.

As reported previously, DESPL Commissioned SRK Mining services (India) Private Limited (SRK) to prepare a mineral resource estimate as well as the Preliminary Economic Assessment of the Ganajur Main Gold Deposit based on the available exploration data. SRK estimated a JORC compliant total resource of 308,000 Ounces of gold, out of which 301,000 Oz is categorized under Indicated and the rest under Inferred category (Table–2). The resource has been estimated up to a depth of 120m.

Table 2- Mineral Resource statement of Ganajur Main Gold Deposit

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

The Scoping study carried out by SRK 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 viable that could be improved upon considering the fact that there 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. 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	INR-CRORES	318.87	415.62	560.75	705.83	802.58	947.70
	MUSD	70.86	92.36	124.61	156.85	178.35	210.6
NPV @ 10% DISCOUNT RATE	INR-CRORES	66.96	107.46	168.26	229.01	269.42	329.27
	MUSD	14.88	23.88	37.39	50.89	59.87	73.17
IRR	%	20.15	25.61	33.11	39.95	44.22	50.24

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

DESPL has lodged a Mining Lease application over 0.29 sq.kms covering the Ganajur Main Gold deposit and its extensions. This application 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 validated the gold resources for the Ganajur Main Gold Deposit under UNFC

DECCAN GOLD MINES LIMITED

guidelines. IBM has reported to the MoM that the economic viability of the Ganajur Project has been established and that the deposit could be classified under the UNFC 121 category, as an “Economic Probable Mineral Reserve” category.

Further work in the Mining Lease Area :

DGML has made all out efforts to speed up the implementation of the project while the approval of the ML is awaited. Additional works carried out in this respect include a) Preparation of Mining Plan b) Environmental Impact Assessment (EIA) and Management Plan (EMP) studies as per Terms of Reference issued by the MOEF c) Hydrogeological survey to locate water resources for the gold processing plant and mine operations, d) consultations with leading metallurgical and process engineering groups e) Submission of application to the KIADB for land acquisition and d) Geophysical studies and additional drilling in the Ganajur Main as well as the satellite prospects to enhance the overall resource.

Preparation of Mining Plan :

DGML is in the process of giving final touches to the Mining Plan for the Ganajur Gold Project. As per Rule 22(4) of MCR-1960, once the ML application is approved by the Ministry of Mines and a Letter of Intent (LOI) obtained from the State Government, a Mining Plan has to be submitted to Indian Bureau of Mines. Such an IBM approved Mining Plan is necessary for the final grant of Mining Lease by the State Government. It is to be noted that the Ganajur Main Gold deposit would be an open pit mine operation, as shown in Fig. 4.

GANAJUR GOLD ORE BODY & PROPOSED OPEN PIT MINE DESIGN

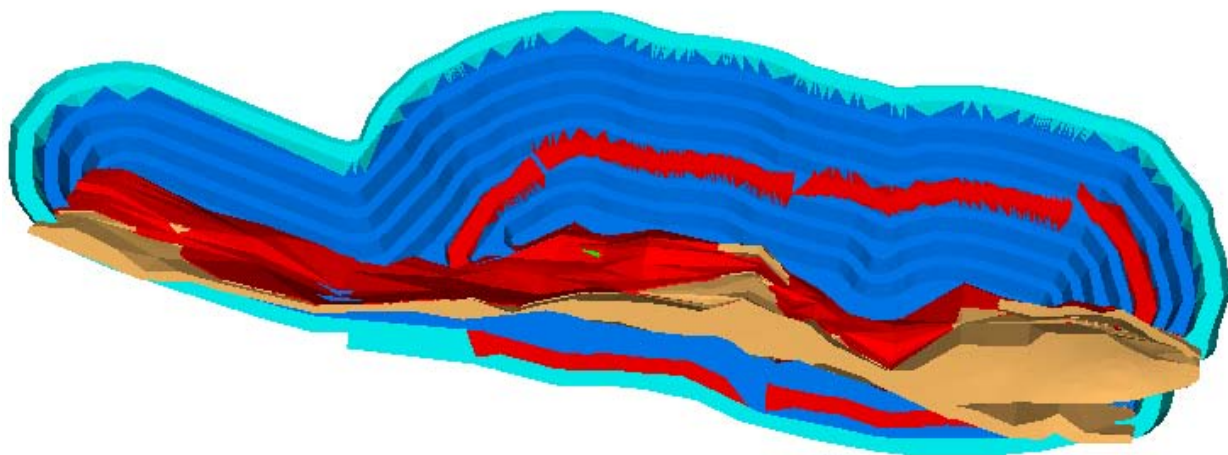


Fig-4 : Ganajur Main Ore Body open pit mine design

Approval of TOR and EIA studies :

The Expert Appraisal Committee (Industry) constituted by the Ministry of Environment and Forests has accepted our application for TOR for the proposed 2000 tpd Ganajur gold ore Processing Plant. The committee while granting the TOR has prescribed additional terms of reference for preparing a detailed EIA/EMP report. The proposal was considered during the EAC meeting held On 5th March 2013 at New Delhi.

Share holders may be reminded that earlier the State Level Expert Appraisal Committee, Karnataka had already accepted our application for TOR for the proposed 2000 tpd Ganajur gold ore mine. DGML therefore has the TORs granted for both the Ore Processing Plant and the Gold ore Mine. The company has appointed B.S.Envitech a highly reputed Environmental Consultant for undertaking the Environmental studies and preparation of EIA and EMP