I. HUTTI BELT PROJECT

Hutti Greenstone Belt: Host to a world class gold deposit (Fig. 1):

Gold is being mined by The Hutti Gold Mines Ltd (HGML), a Government of Karnataka undertaking, near Hutti village in northern Karnataka. The mine is developed on a classic Archaean lode gold deposit, similar to those in Australia, Canada and South Africa. Gold mining activity in the belt has been known since pre-Ashokan time, about 3000 years ago. Modern gold mining commenced in the Hutti area around 1947.

Exploration was carried out by DGML under two Reconnaissance exploration Licences (RPs) covering a total area 851 sq km of the most prospective part of the Hutti belt.

Our exploration comprised Geophysical surveys by geophysical techniques involving about 9 line km of Induced Polarization (IP) and 145 line km of magnetic surveys in selected areas. Surface geochemical exploration involved the collection and analysis of 347 samples of stream sediments, 85 samples of termite mound, 4933 soil, 4933 bedrock chip samples and 1646 channel profile samples. Based on results from the geophysical and geochemical investigations, reconnaissance reverse circulation drilling and diamond core drilling have been carried out. A total of 2296 drillhole samples were analysed for gold. These studies led to defining 21 potential gold bearing blocks for detailed prospecting under Prospecting Licenses (PLs) for which applications have been filed with the Government of Karnataka. The PL blocks identified are shown in Fig. 1.

Among the 21 gold prospects so far recognised, the most important are the Hutti Mine North prospect located immediately north of the currently operating Hutti mine. Hirenagnur Prospect, Yathkal Prospect, Uti south prospect, Chinchergi-Topaldoddi prospect, Bullapur prospect, Buddini old mine prospect, Sanbal-Maski prospect. Highlights of these prospects are presented in the following:

A. Hutti Mine North prospect (Fig. 2):

This block is located immediately north of the currently operating Hutti Gold Mine. Eight parallel gold bearing quartz-sulphide veins known as Reefs or Lodes are known to exist in the currently operating Hutti Mines. These lodes were speculated to extend northwards into our exploration ground for about 2.0 km beyond the northern boundary of the Hutti mines.

The objective of our exploration was to prove the extension of the lodes. Since most parts of this prospect is under cover of black cotton soil, IP geophysical survey was carried out which revealed chargeability anomalies. Follow up drilling in the eastern side revealed the possible extension of the Strike Reef with intersections of 5.3 g/t gold for 2.05 m width, 3.19 g/t for 2.71 m width and 0.65 g/t for 6.3 m width. The geophysical anomalies taken together with the drill intersections including the earlier GSI's drilling data confirmed the possibility of the northward continuity of the gold-bearing reefs.

Follow up, prospect-wide bed rock profile sampling revealed anomalous gold values between 20 to 90 ppb over a 180m wide zone along the inferred northern extension of the Main Reef of the Hutti Mines. Few samples of exposed quartz veins gave up to 16 g/t gold on the possible extension of this reef. The most significant observation was the possible continuation of the New East Reef with 9.4 to 10 g/t gold over a width of 1m as revealed by channel sampling over the
geophysically anomalous zone. The extension of the Zone I Reef was also recognised in drilling but it did not give a significant grade at the point of intersection. All the inferred extensions are shown in Fig.2.

A PL application has been lodged over the prospect, grant of which will enable us to take up a detailed drilling programme needed to define the subsurface extensions and grades of mineralized zones.

a) Hirenagnur Prospect (Fig.3a, b):

One of the highlights of our exploration work has been the establishment of a 2 km long and 50 m wide gold bearing zone in the Hirenagnur Prospect, located 5 km SE of the Hutti Gold Mines. This prospect is an open ended N-S trending, zone revealed initially by a single rock-chip sample and subsequently by systematic bed-rock sampling and ground magnetic surveys along eleven profiles.

Analysis of 473 bedrock samples collected at 10 m intervals along E-W profiles spaced 40m apart revealed presence of highly anomalous gold values of 56 to 461 ppb in banded iron formation. Further follow up rock chip samples showed values of up to 7.78 g/t. Channel sampling across the 50m wide zone, identified sub-parallel mineralized zones of 2 to 15 m width with gold grades of 1 to 3 g/t.

These coincident geophysical and geochemical anomalies encouraged drilling. A total of 1078 m of RAB and RC drilling were successful in defining 4 parallel gold bearing zones having a cumulative strike length of 1030 m (Fig.3b).

The current shallow reconnaissance drilling has tested the depth persistence of lodes up to 60 m from the surface. Extension of the lodes both along strike and depth are open for future detailed drilling.

Hirenaganur prospect is a structurally controlled mineralization. Therefore, the continuity of gold bearing structures is expected up to several hundred metres. Applications have been filed for both PL as well as a Mining Lease.

Ore beneficiation tests are underway at the Indian Bureau of Mines. A Prospecting Licence application has been lodged, upon grant of which Deccan Gold will undertake further detailed drilling to test the deeper extensions of the zones.

b) Uti mine lodes- Southern and Northern continuity:

The Uti Mine is owned and operated, as an open pit mine, by the Hutti Gold Mines Ltd. Bed rock sampling at 20 m intervals along 9 profiles southwest of Uti mine and along 3 profiles north of the mine have revealed gold anomalous zone in strike continuity of Utı mine lodes for about 3.5 km to the SW and also towards north.

609m of reconnaissance drilling confirmed the strike continuity of gold lodes to the south. One of the lodes showed gold in the
range of 0.82 to 1.4 g/t over widths ranging from 1 to 5m; a second lode yielded 1.34 to 1.72 g/t gold over 1 to 2m width; one more intersection analyzing 3.49 g/t gold over 4m was traced to yet another lode. Detailed drilling is called for to establish the full potential of the Uti south and North prospects.

c) Uti Temple Prospect:
Old diggings by ancient miners and our recent channel sampling have revealed existence of three sub-parallel mineralized zones in an area 1.2 sq km west of the HGML's Uti mine. Surface samples have given high gold values of up to 22.94 g/t and 40.38 g/t gold. Bedrock geochemical sampling has indicated an anomalous gold bearing zone which is 1200m long and 80m wide.

d) Chinchergi Prospect:
Chinchergi prospect located some 15 km east of Hutti Gold Mine is an area of extensive ancient mining. Reconnaissance rock chip samples analyzing 5.59 g/t, 8.33 g/t, 9.92 g/t and 12.73 g/t were met with in this prospect. Channel sampling revealed 1 to 2m wide narrow lodes analyzing 1.18 g/t to 4.38 g/t. Systematic bedrock sampling involving collection of 1500 samples helped to define a 80 to 200m wide anomalous zone of quartz veins with alteration haloes south of Chinchergi. Also observed was another similar vein-alteration anomalous zone, 75 to 100m wide, west of Chinchergi. Payable reefs are however, narrow; eg. 0.63 to 4.4 g/t gold over a maximum width of 4m for 400m strike length.

Eight widely spaced reconnaissance reverse circulation bore holes were drilled covering a strike length of 3.7 km. One borehole (DCH-1) intersected an ore zone with an average gold value of 1.41 g/t over 8m width. Important intersections in two other boreholes include 4m x 1.1 g/t (DCH-7), 5m x 2 g/t (DCH-2). These results are considered encouraging to warrant more further drilling on close spaced grids.

e) Bullapur Prospect:
This is one of the recently discovered prospects in the Hutti belt located outside of the GSI-explored area of ancient gold workings. In the course of geological traversing along the major structural discontinuity south east of Chinchergi village, a new zone of mineralization was located close to Bullapur village. The mineralized zone comprises a series of quartz veins disposed as N-S splays from a narrow ENE trending shear zone. One of the veins showed a number of visible gold grains on panning. A rock chip sample yielded a good value of 6.53 g/t gold. The area deserves to be investigated in detail under a Prospecting Licence.

f) Yatkal Prospect:
Yatkal Prospect is situated along the southern margin of the North Huttti R.P. Block and gold is found in the granites intruding the Hutti volcanic belt. Stream sediment sampling initially drew attention to the area as a possible source of gold anomaly. In several termite mound samples, more than 100 ppb gold, a highly anomalous geochemical value, was noted. This prompted a systematic soil grid geochemical survey involving collection of 819 soil samples at 20 m interval along profiles 40m apart. Gold content of greater than 50 ppb was taken to define the anomaly.

Two distinct zones of gold mineralization emerged following the soil sampling. A 900 m long, 150 m wide NE trending anomalous zone in the western part and a NW trending 400 m long narrow zone in the eastern part. The western anomalous zone shows sulphide rich granodiorites with 5 parallel zones of quartz veins. The NW trending eastern zone is a zone of highly silicified pink granite with amphibolite patches traversed by quartz veins, disseminated with chalcopyrite and pyrite. Rock chip sampling has revealed anomalous gold content in several samples with best values ranging from 1 to 32.05 g/t. Detailed sampling by trenching and drilling is warranted under a Prospecting License.

B. Prospects In South Hutti RP block (Fig. 4)
Ancient gold workings dating back to Ashokan time dot a 20 km long tract in the South Hutti belt which is marked by a major N-S trending shear zone designated as the “Central Shear Zone (CSZ)”. The tract was explored by DGML under a Reconnaissance Permit. This tract contains several promising prospects shown in Fig 8. The following targets have been chosen for intensive exploration based on highly encouraging gold values obtained during reconnaissance geological mapping and geochemical sampling which included analysis of 930 outcrop rock chip samples 287 stream sediments and 389 bed rock samples. The exploration was successful in identifying four prospects worthy of detailed investigation, hence, these have been covered under PL applications which are in various stages of processing.
a) Tuppadhur-Buddini Prospect:
A series of ancient pits and 6 inclined shafts are spread over a strike length of about 2.6 km in this prospect. Gold mineralisation is
cconfined to the central shear zone and is generally found in quartz-ankerite veins with the wall rock showing intense chlorite and
carbonate alteration. At Buddini, four parallel lodes have been identified. Extensive British time old workings occur along two of
them - the Main and Mopla Lodes. Samples from mine dumps assayed up to 19.3 g/t gold. Detailed drilling will be undertaken once
PLs is granted for which our application is pending with the Government.

b) Maski Prospect:
This prospect has all the signs of an important gold field. Thirteen old workings were reported in this prospect in the early 1900s by
the Hyderabad Geological Survey. M/S John Taylor and Sons developed one of these workings with a 35 m deep shaft, drove levels
north and south and mined the ore of an average grade of 30 g/t gold. All of the diggings are now buried under black cotton soil. Rock
chip sampling, in the vicinity of these old diggings, has given some high gold assays, including 8.93 g/t from the sludge of a ground
water borehole; up to 11.6 g/t from a pit to the bed rock and up to 33.86 g/t from float samples. Based on these results, an auger-
bedrock sampling programme was undertaken which revealed five broad gold anomalies. These results are to be investigated in
detail under a prospecting Licence.

c) Ashoka Prospect:
The Ashoka Prospect (named after the great Indian emperor whose inscriptions are seen near Maski town) was a discovery happened
during one of our stream sediment geochemical survey programmes. The prospect is defined by brecciated quartz-carbonate-
haematite veins traversing fractured pink potassic granite. Rock chip sampling gave assays of 4.9 g/t gold and 0.63% copper.
Reconnaissance geological mapping has revealed that the mineralized zone trends WNW, but the zone is covered under thick black
cotton soil. Detailed trenching and geochemical soil sampling is planned prior to preliminary drilling.

d) Sanbal Prospect:
Five sub-parallel zones of mineralisation have been identified in this prospect. Among them, Zone I consisting of highly folded
quartz veins assaying up to 500 g/t Au. An open pit was developed by the Hutti Gold Mines Limited on Zone I, and about 2000t to of
ore at a grade of 7.5 g/t gold was mined and processed. We plan to carry out detailed prospecting involving drilling to find the depth
extensions of the high grade gold ore shoots mined in the past and existence of additional ore shoots.

II. THE MANGALUR BELT PROJECT
The Mangalur Belt Project (Fig.5)
The Mangalur greenstone belt is 25km long and 4 to 5km wide, located 40 km north of the Hutti gold mines. Data from earlier
exploration by GSI and our own work involving multi-element
gochemical analysis of 46 rock-chip samples from different parts of the
belt have brought to light two new prospects viz; Jainapur prospect and
Mangalur village prospect, both located in the same tract as but outside
the limits of the Mangalur (Mukangavi) Gold Mine of HGML.
Geomysore Services in association with DGML has filed 3 applications
for PLs-Mangalur block 1.2 sq km, Jainapur block 1.1 sq km and
Mukangavi block 4.5 sq km. Further exploration by drilling will be
undertaken upon grant of these licences.

a) Jainapur P.L. Block:
The Jainapur Prospect is located 2.5 km NW of Mangalur mine. A 1.5 km
long, 0.5 to 5m wide mineralized zone has been traced. Random rock-
chip samples from outcrops have given gold values up to 2.45g/t. Samples from earlier trenches across this zone have analysed 1.1 to
4.98g/t gold. 11 bore holes have been drilled by the Geological Survey of
India to investigate the depth persistence and grade. The report is
unpublished.

b) Mangalur P.L. Block:
Mangalur village Prospect is located about 4.5 km southeast of Mangalur
mine. Sulphide bearing quartz veins from a well, located west of the
village, have assayed 14 and 65g/t gold. Sitting on either end of the
HGML's Mangalur mine, Jainapur and and Mangalur village prospects
are considered good exploration targets.
III. DHARWAR-SHIMOGA BELT PROJECT

Dharwar-Shimoga Belt Project, Karnataka State (Fig.6)

Our exploration till date covered an area of 5,329 sq km under 3 RP blocks and succeeded in identifying 22 most prospective blocks. With in some of them, drilling helped to define gold ore resources. Salient aspects of these are narrated prospect-wise.

a) Ganajur Main Prospect (Fig.7):

This new discovery came to light during a programme of rock-chip sampling of the cherty sulphidic BIFs. A total of 1005 m of drilling over a strike length of 372 metres gave strong gold intersections (best are tabulated below). Based on this drilling, a potential resource to 119 metres down dip depth has been estimated at approximately 1.53 million tonnes grading 3.79 g/t (approximately 122,000 ounces of contained gold). The northern part of the prospect returned high grades in the range of 5 to 20 g/t yielding high average grades of 3.31 g/t gold for 15 m & 7.71 g/t for 39 m respectively. The ore resource translates to 5.8 t of gold metal. The deposit is open along strike which will be probed by further drilling under a PL expected to be granted in the near future. The drilling is expected to increase the size of the ore resource.

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<tr>
<th>Drill Hole</th>
<th>Width (metres)</th>
<th>Gold Grade</th>
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</tr>
<tr>
<td>J</td>
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<td>5.36 g/t</td>
</tr>
</tbody>
</table>

b) Ganajur NW, SE and Central Prospects:

Preliminary surface rock-chip sampling and recce drilling have revealed existence of mineralization in Ganajur NW prospect, Ganajur SE (+1 g/t over 250m length and 8m width) as revealed by surface rock-chips but drilling returned poor values, probably due to leaching of gold from surface outcrops. One drill hole in the Ganajur Central prospect showed a 4m intersection of visible gold analyzing 18 g/t gold. All these prospects will be taken up for detailed drilling as soon as the PL is granted. The PL has received to approval of the State Government and is due to go to the Ministry of Mines, New Delhi for concurrence.

c) Karajgi Prospect:

The prospect is located SE of the Ganajur Central Prospect. Several ancient workings are located in the BIFs. A short programme of 861m of RC drilling following an earlier programme of channel sampling of auriferous BIF brought to light a 133m long 6.59 m wide zone of gold with the grade averaging 3.23 g/t up to a shallow depth of 50 m. The deposit is open along strike and at depth. Further drill testing is planned under the PL.

d) Prospects near Mangalgatti:

Situated ~12km north of Dharwad city, our sampling of surface rock-chips of oxidized BIF gave gold values up to 29.68 g/t, while channel samples assayed up to 3.30 g/t over 12 m width. During the course of this sampling, a big adit, an old working for gold, 12m wide and 45m long, was discovered within deeply weathered BIF and ferruginous greywacke.

Three main zones of mineralization over 1.2km length constitute the Magalgatti region, viz (i) Mangalgatti NW, (ii) Mangalgatti SE and (iii) Mangalgatti East, all confined to cherty sulphidic BIF that appear to be fold repetitions.

e) Mangalgatti SE Prospect: Reconnaissance drilling has helped to define 2 parallel sub-zones with in a 500m long x ~30m wide gold-bearing tract. The average gold grades, though lower than at Ganajur, individual high grade intersections are pointing to the possibility of developing the prospect into an underground mine. It requires detailed core drilling under a PL to be granted.
Zone 1: 315 m log x 15m wide with 1.5 million tonnes @ 1.63 g/t average gold. Zone 2: 278m log x 8.5 m wide with 0.26 million tonnes @ 1.21 g/t average gold.

f) Mangalgatti NW Prospect: Drilling in the NW prospect gave relatively subdued intersections within strongly weathered rocks. The strongly weathered zone extends beyond 50 m depth, as in many parts of the Western Australian goldfields. The subdued intersections are typical of the strongly leached profile. Further drilling revealed a structurally controlled quartz-vein zone of mineralization. We plan to carryout deeper drilling to find out the exact width, grade and style of the gold bearing tract in this prospect.

g) Bhavihal Prospect:
The poorly outcropping auriferous chert in this prospect has given high surface assay values of up to 29 g/t. One DTH scout hole was drilled under a surface channel which assayed 0.9 g/t over 41m width (including 1.91 g/t over 8 m). The mineralized section is strongly weathered. This large width and encouraging grade prompted us to continue reconnaissance drilling to shallow depths of 50 to 90 metres aimed at delineating a open pittable gold resource.

Drilling can be termed successful in delineating 4 lodes close to each other. Important among them, designated as the “B’ body is 280m long having an average true width of 13.5 m (range: 7m to 28m) and average gold grade of 1.64 g/t. (range of averages:0.94g/t to 2.79g/t). The deposit will be drilled further under a PL, grant of which is awaited.

h) Lakkikoppa Prospect:
At Lakkikoppa Prospect, gold mineralization occurs in BIFs over 3 km length. Surface rock chip samples returned assays up to 2.07 g/t gold. Resampling of 44 trenches opened by the GSI, gave assays ranging from 1.45 to 3.5 g/t for 1 to 5 m width over a length of 500m. GSI has drilled 11 diamond drill holes over 3 km length of the BIF. We would purchase the GSI's data for our own assessment before planning future drilling programmes in this important prospect.

i) Kulavalli Prospect:
Kulavalli Prospect, like the Bhavihal, is located not far off from Mangalgatti Prospect. Kulavalli gold-bearing tract is 4.3km long. Four parallel gold-bearing BIF's have been recognized to date. Initial surface rock chip sampling gave values ranging from 0.18 to 6.1 g/t gold. Follow-up spot rock-chip sampling gave assays from 0.27 to 18.0 g/t gold and a channel sample gave 6.73 g/t over 8m width. A PL application has been filed for undertaking intensive drilling in this important prospect.

j) Durgadakeri Prospect:
Durgadakeri Prospect has a strike length of 4 km. Ten rock chip samples from this prospect showed gold in the range of 0.3 to 40.16 g/t Au. Further surface exploration will precede drill testing.

k) Jakkinakatti Prospect:
In Jakkinakatti Prospect, the gold-bearing BIF is exposed over a strike length of 700m with width varying from 3 to 4 metres. Rock chip and channel sampling have brought out a mineralized zone, 180m long x 3.4m wide. The gold content of rock chips ranged from 0.06 to 4.67 g/t while the channel sampling gave assays in the range 0.01 to 13.55 g/t.

IV. ATTAPADI PROJECT- KERALA

Attappadi R.P. Block Project, Kerala State (Fig. 8)

Geological mapping, analysis of 446 stream sediments, 203 rock chips and 14 samples from old GSI trenches have confirmed the high gold bearing potentiality of the rocks in the 834sq km area of the Attappady RP block. A deep crustal structure known as Bhavani shear zone is the potential exploration target in this block.

Gold mineralization is known from earlier work of GSI in Kottathara, Puttumala, Pothupadi, Mundaiur and Kariyur-Vannathorai Prospects. Gold occurs in quartz veins traversing the deep seated Bhavani shear/fracture zones in BIF, amphibolites, hornblende and biotite gneiss rocks. DGML carried out rock-chip sampling in the known prospects to independently confirm the earlier reported gold grades.

a) Kottathara prospect: Three zones have been delineated and the prospect has an ore resource of 60,000 tonnes grading
13.63 g/t gold according to GSI. While tracing the NE extension of Kottathara prospect, stringers of quartz analysing 9 g/t 35 and 49 g/t gold have been picked up in stream beds.

b) Puttumala prospect: A 60 cm sample of vein quartz carrying galena (lead sulphide) from old trenches showed high spot values of gold up to 21 g/t.

c) Pothupadi prospect: A sample of vein quartz traversing amphibolite assayed 4 g/t gold.

d) Mundaiyur prospect: Gold occurs in quartz veins over a length of 300 m with gold-bearing sulphides enveloping the quartz veins.

e) Kariyur-Vannathorai prospect: Samples of vein quartz have shown gold contents ranging from 3 to 20 g/t.

Stream sediment geochemical surveys involving collection of 446 samples by DGML revealed highly anomalous values of up to 5091 ppb in Nakkapathi-Mamana-Ommala section. Panning showed visible gold. The source of stream gold anomalies was traced to an area of sulphide rich granites and quartz veins analyzing 14 g/t gold.

In Kurara-Tundur-Mundanpara section, stream sediments assayed 10 ppb to 428 ppb and three samples yielded very high gold values of 1.06 g/t, 1.97 g/t, 15.87 g/t!! The 15,872 ppb (15.87 g/t) gold sample is from the bed of a perennial stream. At several places, 1 kg samples collected from this stream course, showed 4 to 5 specks of gold in the pan. In one sample, 18 specks, coarser than 80 mesh size, have been noted.

In Mundanpara-Acchamukku-Karadipara section, three anomalous values of 260 ppb, 793 ppb, and 1137 ppb were observed. Two samples appear to originate from the Puttumala prospect. Quartz veins of varying dimensions have been noted during the follow up.

d) Bhuduvali prospect: DGML has discovered gold in here. Stream sediment samples had analysed as much as 2.4 g/t gold. Float samples from up stream slopes, yielded values ranging from 5 to 35 g/t gold. Traverses in the source area have revealed two sets of quartz veins 250m apart. They have to be examined by trenching under a PL.

On the whole, exploration in the Attapady RP block has been rewarding, prompting us to go for reconnaissance drilling in the post-monsoon period.

V. RAMGIRI BELT PROJECT

Ramagiri Belt: host to several rich but small ore shoots (Fig. 9)

The Ramagiri RP block comprises the well known 13 km long Ramagiri Gold Field (RGF) that was a scene of intensive underground mining activity by the Britishers in the early part of the last century. The 13 km tract had mines over several rich shoots. Three main mining ventures in this tract produced about 176,338 ounces of gold at a recovered grade of around 15 g/t from high-grade veins in the years 1910 to 1927. Until April 2001, the Government of India owned Bharat Gold Mines Ltd. (BGML) was operating the underground Yeppammana Mine in the RGF. The GSI, following a drilling programme, has reported gold resources of all categories from the RGF that includes 590,000 t of ore @ 3.7 g/t gold and an inferred resource of 3.96 million tonnes of ore of an average grade varying from 1.32 g/t to 5.6 g/t.

Exploration so far done has provided new targets in the southern and western parts of the belt. On the basis of some 613 geochem samples including stream sediments, rock-chips, soil and channel rock-chips, 3 blocks have been identified as worthy of detailed exploration by drilling. These are:

1) Ramagiri Gold Field block (RGF) - 20 sq km area
2) Boksampalle block - 17 sq km area
3) Ramagiri west block - 18 sq km area

PL applications filed on the first two blocks are under processing by the Govt. of Andhra Pradesh. The extension of the BGML’s lease hold, the Power House mine and the South Jibutil mine fall within our 20 sq km Ramagiri Gold Field P.L. block.
A. Ramagiri Gold Fields (RGF):

The Yappamana and Gantlappa mines
The Yeppamana was operated until April 2004 by BGML. The Gantlappa mine produced 12,000t of ore at 8g/t. Detailed drilling by the GSI in the late 60s reported the presence of several ore shoots. A resource of 1.14 mt of ore of 3.32 to 5.6 g/t grade upto a depth of 300m has been estimated. The average width reported is 1.98 m. Details are contained in unpublished reports of GSI, which we propose to purchase as soon as the Govt. grants the Prospecting Licence.

a) The Power House Mine:
The power House mine is located to the south of the Gantlappa mine. It is reported to have produced about 4000t of ore with 17.6g/t. The GSI tested this mine with 12 diamond drill holes, and reported narrow widths of 0.18 to 0.29m having grades of 8.4 to 52.7g/t.

b) South Jibutil Mine:
Further south of Power House Mine several shafts exist. The main shoot yielded 13.6 to 37.5g/t. There are two ore shoots, which join near the 800m level. The ore stope out was of the order of 60,000t of 11.2g/t and 6,500t of 35.2g/t. This mine has contributed to the main production from this sector during the British time. Channel sampling involving collection of 90 samples in 13 channels of the exposed mineralized zone and wall rocks of veins in Jibutil area have shown anomalous gold in the range of 100 ppb to 999 ppb and 5 samples >1 g/t. A 50 cm wide quartz vein with sulphides analysed 1.67 to 3.83 ppm of gold. Rock-chip sampling from an outcrop NE of Shaft No. 5 has analysed 2 g/t Au. Dump samples from the old mines reported 3 to 17 g/t. Detailed prospecting is proposed to be undertaken in the Jibutil area in the light of these encouraging results.

B. Boksampalle block: mineralisation in sheared granites:
Boksampalle is situated close to the southern termination of the Ramagiri belt. The prospect is 2 km long containing a series of gold bearing sulphidic quartz veins traversing fractured granite. Within this tract there is a wide zone of mineralisation, 4.2 m to 62.12m, over a length of 350 m. Resampling of surface outcrops has revealed 3 parallel zones of vein quartz in fractured granite. The central quartz vein is 2-5m wide. Six randomly collected rock-chip samples from different veins assayed 0.23 g/t to 3.49 g/t. The vein quartz zone is 2 km long with surface width of 2 to 25m within a narrow and steep sheet of granite intruding metabasalt. GSI's drilling showed a poor average grade of 0.48 g/t within which there are better intercepts 6.29m at 2.54g/t and 9.18m at 1.20g/t. In GSI's bore hole BH-1, a series of quartz veins in sheared granite were reported with average gold value of 0.47g/t for 26.92m.

The above review of the exploration data on Boksampalle suggests that it is worth drilling the area to probe deeper levels to establish mineable ore shoots if any in the area.

a) Boksampalle North Prospect:
Surface rock chip sampling of vein quartz, from shear zones in basic volcanics, has been carried out at various locations on this prospect. Three separate shear zones yielded best assays of 15.6 g/t, 13.8 g/t and 8.89 g/t. Follow-up sampling is in progress.

Conclusion on Ramagiri belt
The entire Ramagiri belt is very much under explored. The high grade of historic production from shoots (15 g/t gold) makes this area an important target for exploration, to trace the depth continuity of the known ore shoots and to locate new ore shoots.

All the ore shoots discovered in the Ramagiri Gold field by the old miners, including the recent BGML operations, were below the ancient workings. These cover only a portion of the total length of the field. There are several parallel lodes in the field. Much of the ground between the mines has largely remain unexplored.
EXPLORATION PERMITS & APPLICATIONS

Based on results of reconnaissance exploration carried out in R.P. Blocks, several PL applications and a few ML have been filed as listed in the Tables 1 & 2.

Encouraged by the results of reconnaissance exploration including R.C drilling, M.L. applications have been filed on 4 areas where drill indicated resources have been estimated and recorded in our reports to Government (See Table 2).

Table 1

DECCAN GOLD MINES LTD. (DGML)

PL APPLICATIONS BY DECCAN GOLD MINES LTD.,

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<th>PL Nos.</th>
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<td>Puttumala</td>
<td>Palakkad</td>
<td>Kerala</td>
<td>81</td>
<td>7.3.2005</td>
</tr>
<tr>
<td>DGML-PL-3</td>
<td>Maruda</td>
<td>Malappuram</td>
<td>Kerala</td>
<td>9</td>
<td>1.2.2006</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>3</td>
<td>Total</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>94</td>
<td></td>
</tr>
</tbody>
</table>

PL APPLICATIONS OF INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PVT. LTD. (IRES) & SELECTED PL APPLICATIONS OF GEOMYSORE SERVICES (INDIA) PVT.LTD. (GMSI)

| IRES-PL-1     | Hutti North | Raichur    | Karnataka | 5             | 1.8.2003            |
| IRES-PL-2     | Ganajuru-Karjagi | Haveri-Dharwar | Karnataka | 2.3          | 17.10.2003          |
| IRES-PL-3     | Uti         | Raichur    | Karnataka | 2.9           | 14.1.2004           |
| IRES-PL-4     | Yatkal-Hirenagnur | Raichur    | Karnataka | 28            | 1.10.2004           |
| IRES-PL-4A    | Hirenagnur  | Raichur    | Karnataka | 1.8           | 28.4.2006           |
| IRES-PL-5     | Wandalli   | Raichur    | Karnataka | 90            | 21.10.2004          |
| IRES-PL-6     | Kulavalli  | Belgaum    | Karnataka | 2             | 15.10.2004          |
| IRES-PL-7     | Yelagatti  | Raichur    | Karnataka | 9             | 17.12.2004          |
| IRES-PL-8     | Turkara-Sigihalli | Belgaum  | Karnataka | 1.7           | 31.12.2004          |
| IRES-PL-9     | Bhavihal   | Dharwad    | Karnataka | 1.5           | 4.1.2005            |
| IRES-PL-10    | Mangalagatti | Dharwad    | Karnataka | 4             | 11.1.2005           |
| IRES-PL-11    | Ganajur-Extension | Haveri | Karnataka | 8             | 12.1.2005           |
| IRES-PL-12    | Lakkikoppa | Haveri    | Karnataka | 5             | 22.3.2005           |
| IRES-PL-13    | Palkamadri | Raichur    | Karnataka | 6             | 28.2.2006           |
| IRES-PL-14    | Bullapur   | Raichur    | Karnataka | 7             | 15.3.2006           |
| GMSI-PL-3     | Ramagiri   | Anantapur  | Andhra Pradesh | 20            | 23.8.2003           |
| GMSI-PL-4     | Sanbal-Maski | Raichur    | Karnataka | 14.7          | 29.8.2003           |
| GMSI-PL-5     | Buddini    | Raichur    | Karnataka | 8             | 29.8.2003           |
| GMSI-PL-7     | Mangalur   | Gulbarga   | Karnataka | 1.2           | 7.11.2003           |
| GMSI-PL-8     | Jainapur   | Gulbarga   | Karnataka | 1.1           | 7.11.2003           |
| GMSI-PL-12    | Udbal-Dinnisamudra | Raichur | Karnataka | 35            | 14.1.2004           |
| GMSI-PL-14    | Boksampalle | Anantapur  | Andhra Pradesh | 17            | 26.8.2004           |
| GMSI-PL-28    | Virapur     | Raichur    | Karnataka | 7             | 1.10.2004           |
| GMSI-PL-29    | Mukangavi  | Gulbarga   | Karnataka | 4.5           | 7.10.2004           |
|               |            |            |           | 24            | Total              |
|               |            |            |           | 282.7         |                     |

IRES : Indophil Resources Exploration Services (India) Pvt. Ltd. is a 100% owned subsidiary of DGML.
GMSI : Geomysore Services (India) Pvt. Ltd.
PL : Prospecting Licence
ML : Mining Licence

Table 2

DECCAN GOLD MINES LTD. (DGML)

ML APPLICATIONS BY DECCAN GOLD MINES LTD. & INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PVT. LTD.

<table>
<thead>
<tr>
<th>ML Nos.</th>
<th>Block Name</th>
<th>District</th>
<th>State</th>
<th>Area in sq km</th>
<th>Date of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRES-ML-1</td>
<td>Mangalagatti</td>
<td>Dharwad</td>
<td>Karnataka</td>
<td>0.24</td>
<td>9.1.2004</td>
</tr>
<tr>
<td>DGML-ML-1</td>
<td>Bharak</td>
<td>Bilwara</td>
<td>Rajasthan</td>
<td>2</td>
<td>16.4.2005</td>
</tr>
<tr>
<td>IRES-ML-2</td>
<td>Ganajur</td>
<td>Dharwad</td>
<td>Karnataka</td>
<td>0.29</td>
<td>8.6.2006</td>
</tr>
<tr>
<td>IRES-ML-3</td>
<td>Hirenagnur</td>
<td>Raichur</td>
<td>Karnataka</td>
<td>0.65</td>
<td>9.6.2006</td>
</tr>
</tbody>
</table>

4 MLs = 3.18 sq km
New R.P. Applications: DGML undertook in-house literature research supported by some field data and selected the following areas for 9 new R.P. applications, as listed below (Table 3).

<table>
<thead>
<tr>
<th>RP No.</th>
<th>Block Name</th>
<th>District</th>
<th>State</th>
<th>Area in sq km</th>
<th>Date of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>DGML-RP-1</td>
<td>Attappadi*</td>
<td>Palakkad</td>
<td>Kerala</td>
<td>834</td>
<td>3.1.2006</td>
</tr>
<tr>
<td>DGML-RP-2</td>
<td>Hutti South</td>
<td>Raichur</td>
<td>Karnataka</td>
<td>1000</td>
<td>26.2.2004</td>
</tr>
<tr>
<td>DGML-RP-3</td>
<td>Hiriyur</td>
<td>Chitradurga &amp; Tumkur</td>
<td>Karnataka</td>
<td>596</td>
<td>17.3.2004</td>
</tr>
<tr>
<td>DGML-RP-4</td>
<td>Harapanahalli (Konganahosuru Area)</td>
<td>Chitradurga, Bellary &amp; Dharwad</td>
<td>Karnataka</td>
<td>1370</td>
<td>3.3.2004</td>
</tr>
<tr>
<td>DGML-RP-5</td>
<td>Ramagiri</td>
<td>Anantapur</td>
<td>Andhra Pradesh</td>
<td>2430</td>
<td>19.6.2004</td>
</tr>
<tr>
<td>DGML-RP-7</td>
<td>Mangalur</td>
<td>Guibarga</td>
<td>Karnataka</td>
<td>408</td>
<td>3.8.2004</td>
</tr>
<tr>
<td>DGML-RP-8</td>
<td>Jainapur</td>
<td>Shimoga</td>
<td>Karnataka</td>
<td>188</td>
<td>10.1.2005</td>
</tr>
<tr>
<td>DGML-RP-10</td>
<td>Mavinahole</td>
<td>Haveri, Bellary &amp; Chitradurga</td>
<td>Karnataka</td>
<td>2685</td>
<td>5.1.2006</td>
</tr>
<tr>
<td></td>
<td>Ranibennur</td>
<td>Malappuram</td>
<td>Kerala</td>
<td>1200</td>
<td>7.3.2005</td>
</tr>
</tbody>
</table>

TOTAL : 9 RPs = 10,711 sq km

* RP granted by Government of Kerala

RP = Reconnaissance Permit