



Letter from the Chairman

Dear Shareholders

It gives me great pleasure to address you as Chairman of India's first listed gold exploration company.

Whilst Deccan Gold Mines Limited in its present form is only about a year old, its genesis can be traced back to 1994 when its founding investors recognized the significance of the Indian Government's decision to allow private investment in mining for gold and base metals after nearly 50 years of state monopoly. This was largely brought about by substantial amendments to the Mines and Mineral (Development and Regulation) Act 1957 (MMDR) and more recent changes, which has created a legislative and regulatory framework for companies like Deccan Gold to operate.

It has been my ambition for the last several years to develop India's huge gold mining potential through detailed exploration of various areas in the country. Some of these areas share a close geological and metallogenic similarity with parts of Western Australia and Africa where large gold deposits have been found. We have now prepared a comprehensive data base on the geology and mining history of India for gold, based on which Deccan Gold undertakes exploration activities.

India's mineral potential has now attracted the interest of some of the world's largest mining houses including BHP Billiton, De Beers, and RTZ. As we see it, India has opened a window of opportunity for free enterprise to create a new world class mining house. Our vision is to see Deccan Gold grow into a large Indian gold mining corporation on par with the best in the world. In this respect, I note that we have been approached by some major international gold companies to join hands with us to fast track the development of Deccan Gold into this large gold mining corporation.

I remain absolutely confident that within our projects are hidden some large gold deposits. It is a matter of using the best exploratory techniques, an expert geological team, appropriate funding and persistence to get to these deposits. As our attached annual report on "Progress in Exploration for Gold in India" indicates we have made some very satisfying progress in this respect. Please do take the time to read it and feel free to contact any member of our team of geologists to assist you with understanding the report.

Finally, let me thank our shareholders for their support during the recent rights issue. I would also like to emphasize to all of you that Deccan Gold is the end result of our 10 years of presence in India and that your management is absolutely committed to ensuring its long term success.

Warm Regards,

Charles E. E. Devenish
Chairman