

SPECIAL  
FEATURE

# Deccan Gold Mines to unearth India's hidden gold reserves

## REVIVING MINING

The gold mining tradition in India dates back to 8000 years. The rich past of India boasted of 900 gold mining sites like the Kolar, Hutti, Gadag, Wynad goldfields. Of that it appears that Wynad was responsible for the great gold boom of 1880. But then mining faced a dearth due to various socio economic and political factors and also inadequate exploration expenditure and nationalistic policies. Once again there is a revival happening. New India, with its liberalized policies and strong economic growth outlook is reviving the mineral exploration and mining sector through foreign and private investments. Deccan Gold Mines with some of the best gold prospects in the country, geologically similar to the areas that have been home to major world gold discoveries, is playing a leading role in this revival.

## EXPLORING MORE GOLD RESERVES

Deccan Gold Mines Ltd. previously called Wimper Trading Ltd. is promoted by shareholders with deep roots in the gold exploration and mining sectors in Australian Indian Resources (AIR). AIR was constituted with the sole purpose of undertaking gold and base



DGML Geologists at drilling site UTI, Karnataka



DGML Geologists at Ganajur Karnataka



metal exploration activities in some of the highly prospective areas in India. It brings to India the wealth of Australian technical know-how and experience that will enable India to become one of the great gold mining destinations in the world map.

Sources from the World Gold Council say, "India is a country rich in mineral resources. More than 20 million tonnes of proven, probable and possible gold ore resources have been identified". Sandeep Lakhwara Managing Director of DGM feels, the opportunity for development of gold mining in India is very substantial. It is estimated that India has 290 tonnes of gold reserves equivalent to that of Australia. Through progressive and detailed exploration, Deccan gold mine is trying to unearth these hidden gold reserves.

#### THE JOINT VENTURE

The recent joint venture between Deccan Gold Mines Ltd and De Beers India Ltd has further strengthened the prospects of achieving the hidden gold deposits. According to the agreement, DGM grants De Beers the right to explore for diamonds in all its exploration areas. In turn, De Beers will grant DGM the right to explore diamonds and other minerals in its areas of operation. Both of the mines have exploration permits across the country, including the mineral-rich Deccan Plateau. De Beers mines is spread throughout the country as one of the premier gold explorers, while DGM has identified several mining areas in Andhra Pradesh and Karnataka for exploring and prospecting diamond, gold and other minerals, besides other states across the country.

#### GOLD PROSPECTS IN INDIA

There are several areas in India spread over thousands of square kms that deserve detailed attention. There has also been some takeover activity in the last couple of years amongst gold producers. Deccan Gold Mines Ltd. is already working on a few of the identified areas, which have also been explored by the Geological Survey Of India. GSI aim of the takeover activity has been to consolidate world production of gold causing some stability in pricing. Deccan Gold Mines are so near yet so far, to exploring the gold reserves, only because of the government's laid-back attitude.



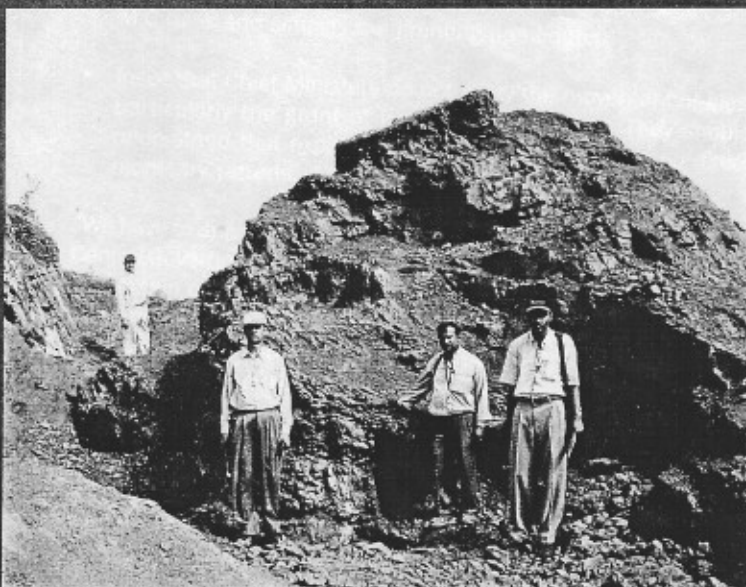
● Mangalur Belt ● North Hutti ● South Hutti  
● Dharwar-Shimoga Belt ● Ramigiri Gold Field

Deccan Gold is in the process of acquiring developed gold prospects from the Indian subsidiaries of Australian Indian Resources. It will then undertake further detailed exploration on these prospects leading to discoveries. The first four prospects being acquired by Deccan Gold comprise two prospects located north and south of the world class deposit (estimated at 150 tonnes of gold) currently being

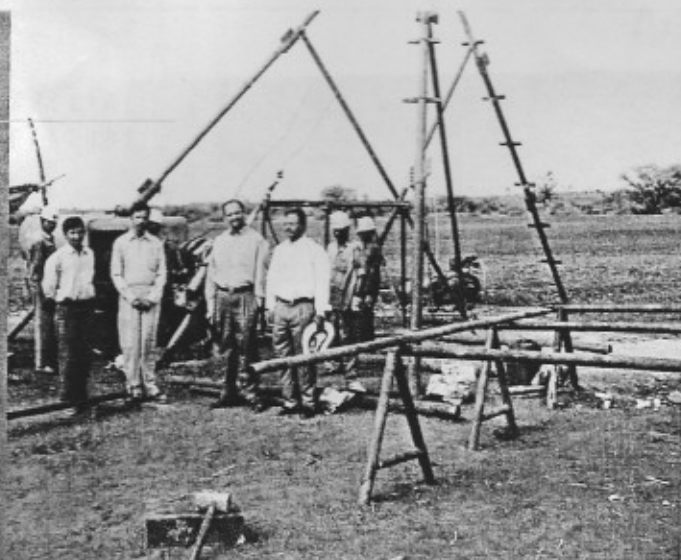
**It is estimated that India has 290 tonnes of gold reserves equivalent to that of Australia. Through progressive and detailed exploration, Deccan gold mine is trying to unearth these hidden gold reserves.**

mined by The Hutti Gold Mines Ltd, and the other two are adjacent to The Ramigiri Goldfields and The Mangalur Mines. Deccan Gold will endeavor to continuously promote the company's activities

Apart from Hutti, along the greenstone belts of the Dharwar Craton in Karnataka, the other places rich in gold prospects are Ramigiri- Penakacherala schist belt, the Jonnagiri Schist belt, the Gadwal schist belt, the Kadiri greenstone belt, the Nellore tectonic belt, the Cuddapah basin, the Shimoga- Dharwar schist belt, the Gadag schist belt, the Hutti Maski schist belt. But the exploration process in India follows a two-tiered system, which is again slow paced. Generally the Geological Survey of India (GSI) undertakes the preliminary exploration in identified areas. Then the Mineral Exploration Corporation Ltd (MECL) takes up the prospects recommended by the GSI for detailed exploration.



DGML Geologists sampling at Bavihal near Dharwad



DGML Geologists at drilling site UTI, Karnataka

## LEGAL BOTTLENECKS IN MINING

India is one of the largest Gold consuming nations with prospective gold reserves. The country lacks in facilities when it comes to mining.

The mining regulations are not very friendly in terms of procedures and formalities. There are major bottlenecks in the government departments while processing the applications, which is causing undue delay.

"The whole process of applying for reconnaissance permits (RP), then applying for prospecting licenses (PL) followed by Mining Leases (ML) is very time consuming and sometimes quite frustrating" says Sandeep Lakhwara.

The Reconnaissance permit (RP) is much faster as this is the initial application. Prospecting license (PL) application is a very tedious process because it requires some inputs at the grass-root level. "We have to go to all the landowners and the thasildar's office. A PL allows for more detailed exploration, particularly beneath the surface. In some areas the gold is buried deep into the ground. In

## Mining Magnet

Sandeep Lakhwara, Managing Director, Deccan Gold Mines, is a founding director of an accountancy practice based in Perth, specializing in business development, taxation, financial planning and corporate regulatory compliance. He has extensive experience in international trade and banking. Lakhwara is a Certified Practicing Accountant, who has headed various organizations in the past. He has been actively involved in the public company arena both as an investor and managing director and has made several presentations on capital raisings, corporate regulatory requirements and international taxation. Lakhwara is managing director of Perth-based Australian Indian Resources Pvt Ltd.(AIR). (Deccan Gold Mines Ltd. is an AIR-related company).



other areas it is closer to the surface providing easier access. Geologically, the Indian terrain lends itself to the potential for large discoveries. But the country has severely lagged behind the gold producing nations of South Africa, Australia and the like the last two to three decades because of

- Inadequate exploration expenditure.
- Inadequate use of the world's latest exploration and mining techniques.
- Closure of this industry to foreign direct and private investment until recent times.
- Mining regulations that still do not foster favourable investment into the industry.
- Slow down rather than fast track of the permit granting process.
- Different interpretations of the mining regulations between the various states.

## SUMMARY OF REQUIREMENTS TO REDRESS MINING PITFALLS

To overcome the pitfalls at the government level, Deccan Gold Mines have raised a summary of requirements to be presented to the government soon. The key factors of the fundamental issues preventing Foreign and Indian investment into exploration and mining are as follows:

- The existing definition of RP is highly restrictive. It does not allow exploration sampling by trenching, pitting and unlimited drilling.
- The time taken to grant R.P is far too excessive. It should be 60 days from date of application.
- Moving from a R.P to a P.L should be seamless and automatic without all the numerous State Government procedures.
- The area of P.L must be increased considerably to allow a minimum of at least 20 per cent of the original area granted on R.P.
- A friendly mining act is required; amend the MMDR Act and M.C rules and simplify the granting procedures.
- Insist that Chief Ministers do not delay the movement of files particularly the grant of Prospecting Licenses. They should understand that exploration is not mining and has no direct monetary returns.

"We have to approach several authorities at the District, State and Central Government level. We are facing bureaucracy at every level. We remain optimistic though. What the Government should have is a single window, where once you get an initial permit, you can take it all the way to the mining lease. That would make progressing to mining stage so much easier", says Lakhwara.

With friendly regulations and adequate technical assistance and the support of government, the gold mining tradition and Deccan Gold Mines is sure to see the light of another historic day.

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