



Deccan Gold Plans ₹225-crore Processing Plant in Karnataka

After final clearances from central and state authorities, It hopes to build a 2,000 tonne-a-day unit

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Deccan Gold Mining, the first private-sector gold-exploration company, is readying plans to set up a gold-processing plant in central Karnataka at an investment of up to \$50 million (about Rs 225 crore). The move comes when the price of gold, seen as a safe-haven investment, has been soaring with the global economic uncertainties.

Deccan Gold, which is awaiting final clearances from the central and state authorities, hopes to be able to build a 2,000 tonne-a-day processing plant at Ganajur (Haveri district)

in Karnataka and get it operational in the next 18 months. The company has already commissioned SRK Mining Services as consultants to take up a feasibility study on the economics of the project.

Last November, the Karnataka government had recommended the mining-lease application of Deccan Gold's wholly owned subsidiary, Deccan Exploration Services, for an area of 0.29 sq km covering Ganajur Gold Project to the union ministry of mines for final approval. "We are looking at a 2,000 TPD processing plant at Ganajur and this would require an investment of \$40-50 million. It will depend on the time frame within which we get the necessary approvals in place, but we are budgeting for a 18-24 month period to start work on the project," managing director Sandeep Lakhwara told ET.

While Deccan Gold had signed the agreement with the state government in November 2010, it expects to get approvals in place for Ganajur from mines ministry soon.

At the proposed plant, the company expects to extract almost 3.8 to 4 gm of gold for every tonne of ore that is processed. While the scale of the project is



moderate compared to global standards, Lakhwara said given the prospects in the area, DGML should be able to enhance the capacity and quantum of production when more reserves are brought into production.

Part of an India-focused, Australian mining-company Deccan Gold is pinning its hopes on prospects in Gajanur block in the state. The company has already prospected the area and has found good resources. Following this it had applied to the authorities for mining license in the area. Deccan Gold, which would require nearly 75 acres to set up the plant, has initiated the process to get the land. It has signed a lease agreement with farmers in the area which gives the company right to acquire

the land once its mining license is approved.

Last week, the union mines ministry had overruled a state government recommendation to reserve 16,109 hectares in the Hutti Belt, in favour of state-owned Hutti Gold Mines.

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Following the central order, Deccan Exploration has written to the Karnataka government urging the director of mines and geology to process its long-pending PL applications for gold and

recommend them for approval of the union mines ministry.