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Mr. Sandeep Lakhwara,

Managing Director - **Deccan Gold Mines Limited**

 **Give your view on mining industry and what are the challenges associated with the mining industry?**

 I will restrict my comments to the gold exploration and mining industry

In an environment, where the price of gold is scaling new heights and by all accounts will continue to do so, where the supplies from new discoveries is dwindling, where the demand for gold continues to outstrip mine supply, where the Government of India has made several forward thinking statements about improving the mineral policy environment to encourage exploration companies to invest more funds into the industry, supported by the Government's serious intentions to fast track the granting of permits as evidenced by the Hoda Commission recommendations, where India remains the largest consumer of gold, where DGML continues to hold some of the country's best known gold exploration areas, and is supported by a professional team of technical people with adequate funding for its immediate needs and the potential ability to raise more funds as and when required, the opportunity for DGML to consolidate its position as the country's premier listed gold exploration company is very strong.

First and foremost, the permits applied for by the company must be granted by the Government. DGML will then undertake detailed drilling in several areas already known to contain potential gold resources as part of the feasibility studies required to be undertaken to ascertain the viability of mining in these areas. Should these studies prove conclusive and deliver positive results, DGML plans to undertake mine development and commence mining activities. DGML is also looking to acquire offshore gold assets in an advanced stage of development and merging these with the company's Indian gold assets to create a global gold company out of India.

Areas identified by DGML as containing potential gold resources include the Ganajur Main prospect in the Dharwar Shimoga belt and the Hirenagnur prospect in the Hutti belt. Both of these areas offer the potential for open pit mining and have been covered with Mining Lease applications. The Company has hired the services of an Australian mineral resource analyst with several years of international experience and authority holder from the well recognized Joint Ore Resources Committee (JORC) of Australia to assist with the Company's detailed drilling programs and feasibility studies within these prospects to ascertain the viability of mining.

Can you throw some light on going projects at Hutti gold, Mnagalur belt, Dharwar-shimoga belt, Attapadi Project, Ramgiri belt etc ?

 Hutti-Maski belt projects

Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. 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. The Auriferous tracts of Hutti greenstone belt are remarkably similar to the classic Archaean Superior Craton in Canada, the

Yilgarn Craton in Western Australia and the Kolar greenstone belt in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being presently mined by The Hutti Gold Mines Limited. DGML carried out exploration over an area 851 sq km in the Hutti Belt under its two Reconnaissance exploration Permits (RPs). Our exploration comprised structural and geological mapping, geochemical sampling, geophysical surveys, Reverse circulation (RC), Rotary air blast (RAB) and Diamond core drilling etc. The systematic exploration efforts of DGML geologists resulted in defining 21 gold bearing blocks. A total of 12 prospecting licenses (PLs) applications covering the 21 gold targets and 1 Mining lease (ML) application in Hirenagnur have been filed with the Karnataka State Government. Due to delay in grant of the licences, DGML could not undertake detailed exploration in the prospective blocks as planned.

Dharwar-Shimoga belt project

In the late Archaean Dharwar-Shimoga belt gold mineralisation is hosted by sulphidic banded ferruginous cherts. DGML explored the entire area of 5,329 sq km under 3 RP blocks and succeeded in identifying 22 prospects within the RP block. A total of 7 PL and 2 ML applications were submitted covering the prospects. DGML is awaiting grant of these PL and ML applications to commence intensive exploration, which includes resource drilling and pre-feasibility studies in the Ganajur Main, Mangalagatti SE and Bhavihal prospects.

Exploration in Attappady project - Kerala

Gold mineralization in the Attappady valley is mostly confined to quartz veins, traversing the deep seated Bhavani shear/fracture zone and various host rocks such as sheared amphibolite (Pothuppady), pink granite gneiss (Puttumala), migmatitic hornblende gneiss (Vannanthara-Karaiyur-Kottathara). Secondary gold enrichment associated with lateritization has also been inferred in this area. DGML was granted Attappady RP over an area of 834 sq.kms in the Palakkad district in Kerala.

DGML carried out exploration work initially by regional stream sediment geochemical and rock chip sampling. The stream sediment samples analysed significant gold values such as 84, 260, 1137, 383, 97, 125, 476, 1157, 516, 63, 56, 38, 322, 410, 163, 72, 90, 85, 183 ppb. Based on the results of the regional sampling programme, target areas were identified for detailed exploration. Litho structural mapping, ground geophysical surveys followed by channel sampling and limited RC drilling was undertaken in these areas. A total of 818 samples were collected and analysed for gold and other elements. Ground magnetic survey involved 852 line kms. Detailed exploration was carried out around Vannathura, Kariyur, Puttumala, Pothuppady, NSS farm, Paravalavu, Thenkara and Thonikkundu.

Ramagiri belt project

The Ramagiri belt forms the southern half of the Ramagiri-Penkacherla greenstone belt. Ramagiri is located 40km south -southeast of Anantapur and 180km due north of Bangalore. It is one of the important gold-bearing greenstone belts of the Eastern Dharwar Craton.

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. 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 Yeppamana Mine in the RGF. The GSI, has reported gold ore resource of 590,000 tonnes @ 3.7 g/t under different categories from the RGF and also an inferred resource of 3.96 million tonnes averaging 1.32 g/t to 5.6 g/t of gold.

DGML's Exploration resulted in delineating 3 blocks 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, Power House mine and the South Jibutil mine fall within our 20 sqkm Ramagiri Gold Field P.L. block.

The Mangalur Belt Project


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 geochemical analysis of samples from different parts of the belt have brought to light two prospects viz; Jainapur prospect and Mangalur village (Brahmin's well prospect). Both these prospects are situated on either side of the Mangalur (Mukangavi) Gold Mine held previously by Hutti Gold Mines Ltd. Geomysore Services in association with DGML has filed 3 PL applications viz- 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. Amongst these, the Mangalur block is an exciting prospect which was earlier mined by John Taylor and sons. The John Taylor report points out that the Mangalur village block workings was explored by shaft sinking and 3 level development upto 300 feet. As per the report, the quartz lode at 150 feet level had analysed gold values of 24 g/t, 31 g/t 14 g/t and 31 g/t between 70 to 100 feet. Similarly the north drive analysed very high gold values including some of 76 g/t and 105 g/t.

DGML during its RP tenure collected a few samples from this area which showed 14 and 65g/t Au with significant silver content. Orientation geochemical sampling along east-west profiles also indicated 40 metre wide gold-Arsenic anomaly coinciding with the inferred Mangalur Village block mineralization.

Sitting on either end of the HGML's Mangalur mine, Jainapur and Mangalur village prospects are considered very good exploration targets.

Details on some of our other projects are also contained in our 2007 Annual Report. I would ask your readers to refer to our website www.deccangoldmines.com and the Annual Report for these additional details.

DGML together with its 100% owned subsidiary has lodged 9 Reconnaissance Permit applications over 10,711 sq km in four States, 27 Prospecting License applications over 369.7 sq km and 4 Mining Lease applications over 3.18 sq km. How does each stage affect the valuation of your company?


 RP applications cover areas that are generally yet to be fully explored. We may obtain some geological data on these areas contained in reports published by Government institutions such as The Geological Survey of India (GSI). The data may indicate the potential to make discoveries in these areas based on which we would lodge RP applications and undertake our own exploration work.

If the exploration work is successful in identifying mineralized zones within the RP area that merit further investigation through detailed drilling and other geological techniques, we would lodge Prospecting License applications over the smaller mineralized zones.

Normally, upon grant of PL applications we would undertake drilling and feasibility studies to define the dimensions of the gold resource and the specific area containing the gold resource over which we would then lodge a Mining License application. However, in some cases where published data and our own work points to the existence of a defined resource within an area, we may bypass the PL application and lodge ML applications over the defined resource area directly.

It is obvious from the above that as we progress through each of the stages we are getting closer to defining the existence of gold that can be ultimately economically mined. We are spending more on exploration as we progress, and we are hopefully defining more ounces of mineable gold in the ground the value of which should positively reflect in the company's overall valuation. I must point out that the above summary is a simplistic presentation of.

There is enormous exploration possibility for diamond and platinum. Does Deccan gold has any plans to foray its mining activities into Platinum and Diamond?

 No. Deccan Gold has no plans to foray into diamond and platinum exploration directly. The company's focus is only gold exploration.

Presently, Government allows 100% FDI in mineral industry. What is the current influence of foreign players and FDI in mineral industry in India? What is your opinion on current Gold mining policy and does it support to domestic mining industry? Is there enough excitement among foreign players to enter into mining industry? Please explain.

 Whilst the Government allows 100% FDI into the mineral industry, the influence of foreign

players in the Indian market has been quite limited. Major foreign players like De Beers, BHP Billiton and Rio Tinto have undertaken exploration in various areas throughout the country, but in my view they would have to be equally frustrated by the lack of a supportive regulatory regime in terms of grant of licenses. Implementation of the proposed Hoda Committee recommendations for the exploration and mining industry will go a long way towards providing the level of comfort required for making large investments into this industry not only by the majors but a host of junior exploration companies from across the globe, particularly from countries like Australia, Canada and the US.

Q How is Deccan gold placed vis-a-vis Agnico-Eagle mines, Barrick gold corp? Is there any competitor for you today?

A Whilst Deccan Gold has almost monopolized some of the best exploration areas in India, it is not yet a producer of gold. Comparing Deccan Gold to some of the world's largest gold producers is therefore not relevant at this stage.

Q HCL plans to enter in to venture into gold exploration and will invest Rs 1,800 crore in the next five years for exploring various minerals and reviving closed mines and recently, Bharat Gold Mines announced to revive its Collar gold mines. Similar announced made by kumar Birla also. Renuka ramnath said that mining is exciting industry .What is your view on there?

A We would welcome other large players like HCL and The Birla Group into the gold exploration and mining industry. The key to successful discoveries is large investments into exploration supported by technical expertise and an investor friendly regulatory regime. Both these aspects should be enhanced by the entry of more players in the industry. We are also very keen to see the revival of the closed Kolar Gold mines and have approached the Government expressing our interest in doing so.