



**DECCAN GOLD
MINES LIMITED**

(CIN : L51900MH1984PLC034662)

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April 4, 2016

Corporate Relationship Department
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Mumbai 400001

Scrip Code : 512068

Dear Sirs,

Sub: Drilling at Ganajur – Karajgi Block & other updates

We attach an Update on the above subject and request the BSE to take the same on record and oblige.

Yours truly

S. Subramaniam
Company Secretary



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DRILLING AT GANAJUR -KARAJGI BLOCK & OTHER UPDATES

Bangalore
April 04, 2016

DGML (BSE Scrip Code:512068) is pleased to provide an update on the latest results of the ongoing drilling programme in Ganajur-Karajgi Block being conducted by its subsidiary i.e., Deccan Exploration Services Private Limited (DESPL). **DESPL has so far completed 2000 metres of drilling** in 4 prospects namely Ganajur Main, Ganajur SE, Karajgi Hut, Ganajur South Prospects.

As already reported the objectives of the current drilling programme are to find out new resources in the satellite prospects apart from exploring further the flagship Ganajur Main Gold deposit.

SUMMARY OF DRILLING AND TRENCHING

PROSPECT NAME	No of Drill Holes	Metreage drilled	SAMPLE DETAILS		
			SAMPLES	QA/QC	TOTAL
GANAJUR MAIN	13	778.4	301	35	336
GANAJUR SOUTH	8	424.3	148	24	172
GANAJUR SE	3	180.05	21	3	24
KARAJGI HUT	9	602.8	146	24	170
KARAJGI MAIN	0	0			
GANAJUR CENTRAL	1	54	7	1	8
TOTAL	34	2039.6	623	87	710
TRENCHING	15	410.5			56

Highlights of the drilling programme are given below:

- Drilling continued in Karajgi Hut prospect based on the initial drill results. The latest drilling results are excellent. Karajgi Hut prospect now looks to be a potential host for high grade gold mineralization.
- A total of 150 metres of strike length has been delineated so far at Hut Prospect based on the drill results. Though the width of mineralization is not wide the gold values are high in the range between 1 to 41.3 g/t.
- A total of 778 metres of drilling was completed for exploring the strike extension of the Ganajur Main ore body. Out of 13 drill holes 8 intersected mineralized zone with moderate to good gold grades.



- In Ganajur south Prospect IP geophysical data has revealed two distinct chargeability anomalies. One of the holes GSE-C-05 was targetted to explore the IP anomaly and intersected a mineralised zone of significant gold grade of 5.67 g/t over 2.5 metres width. All future drill holes will be drilled targetting these IP anomalies.

HIGHLIGHTS OF THE DRILL RESULTS

DRILL HOLE	FROM (M)	TO (M)	WIDTH - M	GRADE G/T	HIGHEST Au VALUE (g/t)	PROSPECT NAME
HPC-01	22.7	26.5	3.8	3.4	6.73	KARAJGI HUT
HPC-02	48.2	52	3.8	1.75	3.9	KARAJGI HUT
HPC-03	28.2	30	1.8	4.75	8.39	KARAJGI HUT
HPC-04	31.4	32.45	1.05	1.6	3.4	KARAJGI HUT
HPC-05	29.15	31.6	2.45	3.86	14.6	KARAJGI HUT
HPC-06	26.8	28.3	1.7	21.5	41.3	KARAJGI HUT
HPC-07	21.1	23.5	2.4	6.92	17.9	KARAJGI HUT
HPC-08	31.2	32.8	1.6	3.5	7.3	KARAJGI HUT
GMC-44	15.6	17.1	1.5	2.78	4.1	GANAJUR MAIN
GMC-46	69.5	70.55	1.05	5.54	10.78	GANAJUR MAIN
GMC-47	29	33	4	2.68	5.8	GANAJUR MAIN
GMC-49	19	19.8	0.8	1.32	1.8	GANAJUR MAIN
GMC-51	31.5	33	1	1.5	2.5	GANAJUR MAIN
	36.5	42.5	6	2.12	8.9	GANAJUR MAIN
GMC-54	10.5	13.1	2.6	5.01	11.2	GANAJUR MAIN
GMC-55	27.9	29.9	2	0.95	1.6	GANAJUR MAIN
GMC-56	29.7	31.85	2.15	2.44	4.4	GANAJUR MAIN
GMC-57	29.65	30.7	10.5	1.52	2	GANAJUR MAIN
GMC-58	46.55	47.7	2.7	2.54	3	GANAJUR MAIN
GSC-05	23.5	26	2.5	5.67	8.49	GANAJUR SOUTH
GSEP-C18	14.5	16.5	2	3.14	5.07	GANAJUR SE

- Apart from drilling we have also completed 400 metres of trenching in the satellite prospects. Most of these trenches were exposed in the soil covered areas that indicated concealed mineralisation. It is highly encouraging that many of the trenches in Ganajur Central, Ganajur SE and Karajgi Hut Prospects have exposed mineralised BIF bands that indicated encouraging gold values.



Other Updates:

- We are in constant touch with the Government of Karnataka to fast-track the issuing of Grant Notification / Letter of Intent for the Ganajur ML application. We have had multiple meetings with the Government authorities and have been told that the file is awaiting compliance with their internal checklist.

We would like to add that we are also talking to the Project Monitoring Group attached to the Prime Minister's Office and the Ministry of Mines, New Delhi to help expedite the processing of the file.

Similar is the case with Mangalagatti Project which is awaiting execution of PL deed.

As per the information available in the public domain, no mineral concession application has been processed / approved by the Government of Karnataka over the last 9 months for want of checklists.

The Company is monitoring developments in this regard very closely and will keep shareholders updated.

Shareholders may be reminded that both the Ganajur ML and Mangalagatti PL applications were recommended by the State Government of Karnataka to the Ministry of Mines, Government of India (MoM) after going through the merits of the applications under various sections and rules. MoM subsequently approved their recommendations and forwarded the files back to the State Government for issue of Ganajur ML grant notification / Mangalagatti PL Deed execution.

- We had submitted fresh Terms of Reference (ToR) application for 1000 tpd processing. We presented the new proposal before the Expert appraisal committee constituted by the MOEF on February 25, 2015. We are awaiting the official communication of approval of ToR.
- Based on the results of our earlier IP survey we have discovered that the Ganajur Main and its adjoining prospects have a one to one correlation with the IP anomalies. We have therefore appointed DMT Consulting Pvt Ltd to undertake IP Geophysical Survey in the Ganajur-Karajgi PL so that we can generate more drill targets. The survey will commence in the next two weeks. We will be undertaking drilling programme in Ganajur Main ore body after completion of the IP survey.



- We have achieved significant progress in terms of metallurgical test work programme being undertaken at a laboratory in Perth, Western Australia on the Ganajur ore. The latest information is that we can achieve a recovery of 85% of the sulphide ore (up from 77% earlier) by ultrafine grinding of the flotation concentrate. Our newly appointed Process Engineer John Fodor is monitoring and facilitating the test work programme. These latest results are very encouraging.
- We have also completed two drill holes within the oxide ore zone in Ganajur Main for further metallurgical test work.
- As already reported the near surface oxide ore has indicated 87% recovery by simple cost effective metallurgical process.
- We have initiated discussion with a leading and reputed agency for undertaking geo-technical studies and ground vibration studies for the entire project.
- Feasibility studies with respect to certain aspects covering metallurgical test work, process design, mine plan, environment clearances and data collection for hydro-geological report preparation has begun.
- We have commenced CSR activities in the Ganajur village and have appointed an officer with vast experience to deal with local issues and CSR related matters.

