



**DECCAN GOLD
MINES LIMITED**

(CIN : L51900MH1984PLC034662)

Corporate & Correspondence Address

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March 3, 2017

Corporate Relationship Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 001

(BSE Scrip Code : 512068)

Dear Sir,

Sub: Update on Company's operations

We write to provide an update on the Company's operations as under:

(1) Ganajur Gold Project – Issue of Letter of Intent (LoI) / Grant Notification Letter by State Government of Karnataka:

Since our update on January 13, 2017, the Ganajur Mining Lease file has been processed by the Under Secretary and is now under the consideration of Deputy Secretary, C & I. Post clearance at this level, the file would be forwarded to the newly appointed Secretary, C & I and thereafter to the Mines Minister for sign-off and issue of LoI / Grant Notification Letter.

We are following the movement of the file closely and it is our belief that LoI / Grant Notification Letter would be issued without much further delay.

By way of background, it may be noted that the Department of Mines & Geology (DMG) had processed the Ganajur Mining Lease file in terms of its internal checklists and forwarded the same to C& I on November 24, 2016.

(2) Fund raising:

Post our update on August 3, 2016, wherein we noted that the Company is looking to raise Project Finance to progress the Ganajur Gold Project to a mining stage which includes setting up of a processing plant at Ganajur, we have been in discussions with potential investors who have undertaken preliminary due diligence on the Ganajur Gold Project. These potential investors are now awaiting the release of Ganajur Feasibility Studies Report as noted hereunder to understand the project merits in detail and exact funding requirements. We shall keep shareholders updated of further developments in this regard.

(3) Ganajur Gold Project – Feasibility Studies

In our last update on December 6, 2016 we had stated that the release of the Feasibility Studies (FS) Report on Ganajur Gold Project would be in the middle of February, 2017. We can now advise that the FS report is in the final stages of preparation by Snowden, a Perth based Geological & Mining Consultancy Firm, who were appointed to carry out the assignment.

We advise that it became necessary to carry out additional metallurgical tests under the supervision of our Process Engineer to provide a better understanding of the Ganajur ore metallurgy. Some of these tests were able to be completed only recently. This has caused some delay in the release of the FS Report and we now anticipate the FS Report to be available for public release soon.

Registered Office

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