DECCAN GOLD MINES LIMITED

ONLY LISTED GOLD EXPLORATION COMPANY IN INDIA.

PROJECTS STRATEGICALLY LOCATED WITHIN WORLD CLASS GEOLOGICAL ARCHAEN GOLD PROVINCE.

JUNE 2018

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Karnataka, India
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Gold Exploration and Mining

Gold is a precious metal. It has emotional, cultural and financial value and different people across the globe buy gold for different reasons, often influenced by a range of national socio-cultural factors, local market conditions and wider macro-economic drivers.

Yet mining the ore is just one stage in a long and complex process. Long before any gold can be extracted, significant exploration and development needs to take place, both to determine, as accurately as possible, the size of the deposit as well as how to extract and process the ore efficiently, safely and responsibly.

On average, it takes between 10-20 years before a mine is even ready to produce material that can be refined.

Gold mining describes the process of extracting ore – metal-rich rock – from the earth's crust. And, as with other minerals, there are a number of geological processes that are involved in forming these ore deposits.

Modern gold mining predominantly takes place in areas where there is a significant concentration of gold-bearing ore (ore body). Today, 60%-70% of the world's gold production comes from surface mines, while the remainder is from underground gold mines.

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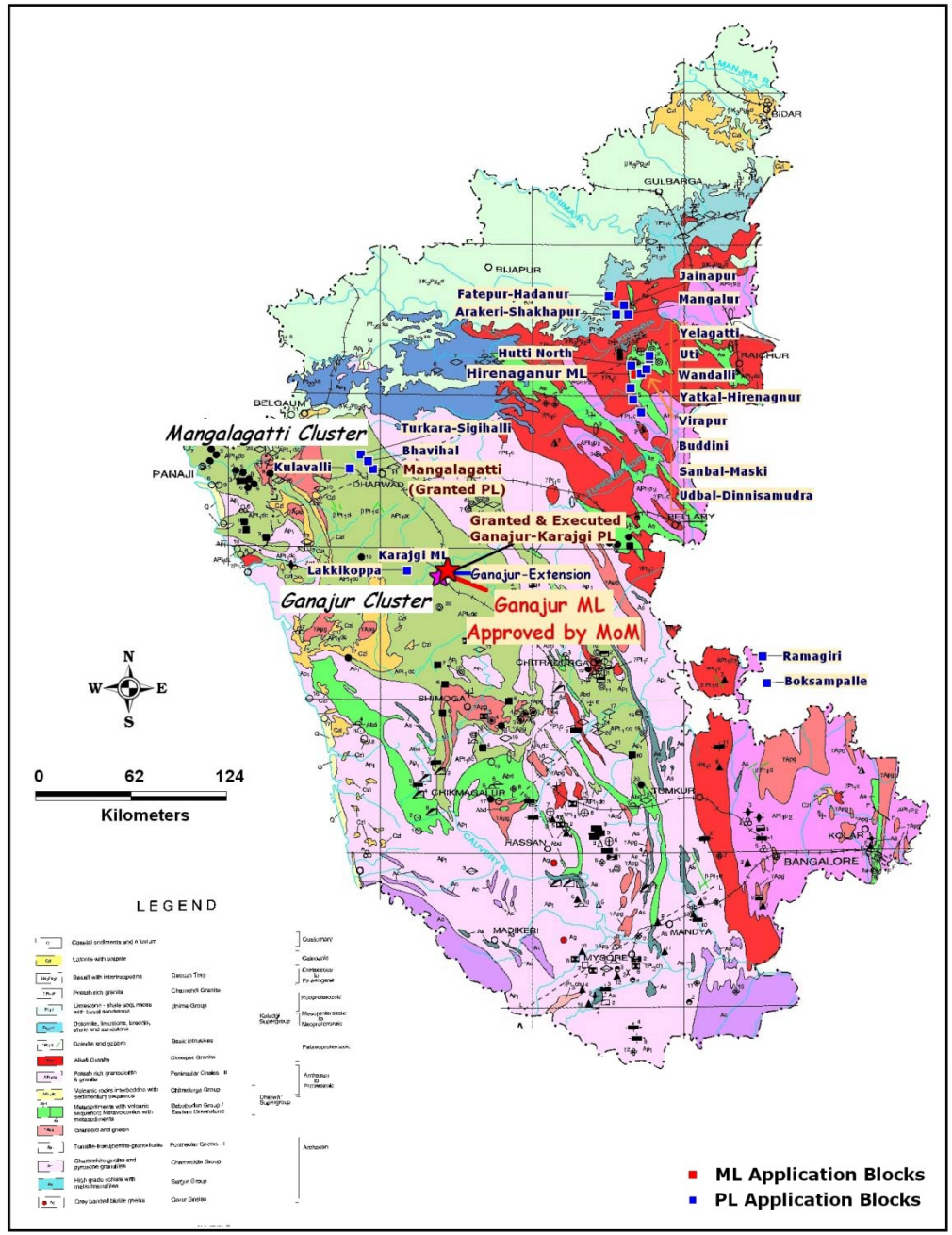
DGML'S FOOT PRINT OF GOLD TENEMENTS



- Explored 7000 sq.km area in the states of Karnataka, AP, Kerala and identified 40 gold prospects for further detailed exploration.
- A total of 21 Prospecting Licence applications (PL) and 2 Mining Lease applications (ML) have been submitted. These applications attract preferential rights and are protected as per section 10A (2)(b) of the M&M(D&R) act 1957 as amended in 2015.
- Key projects of the company include, 1) Ganajur-Karjagi cluster 2) Magalgatti-Bhavihal cluster 3) Hirenagnur P, Hutti North P(Hutti Belt) and 4) Ramagiri
- Drill indicated resources identified in Ganajur Main, Ganajur SE, Karajgi Main, Mangalgatti, Bhavihal and Hirenagnur projects

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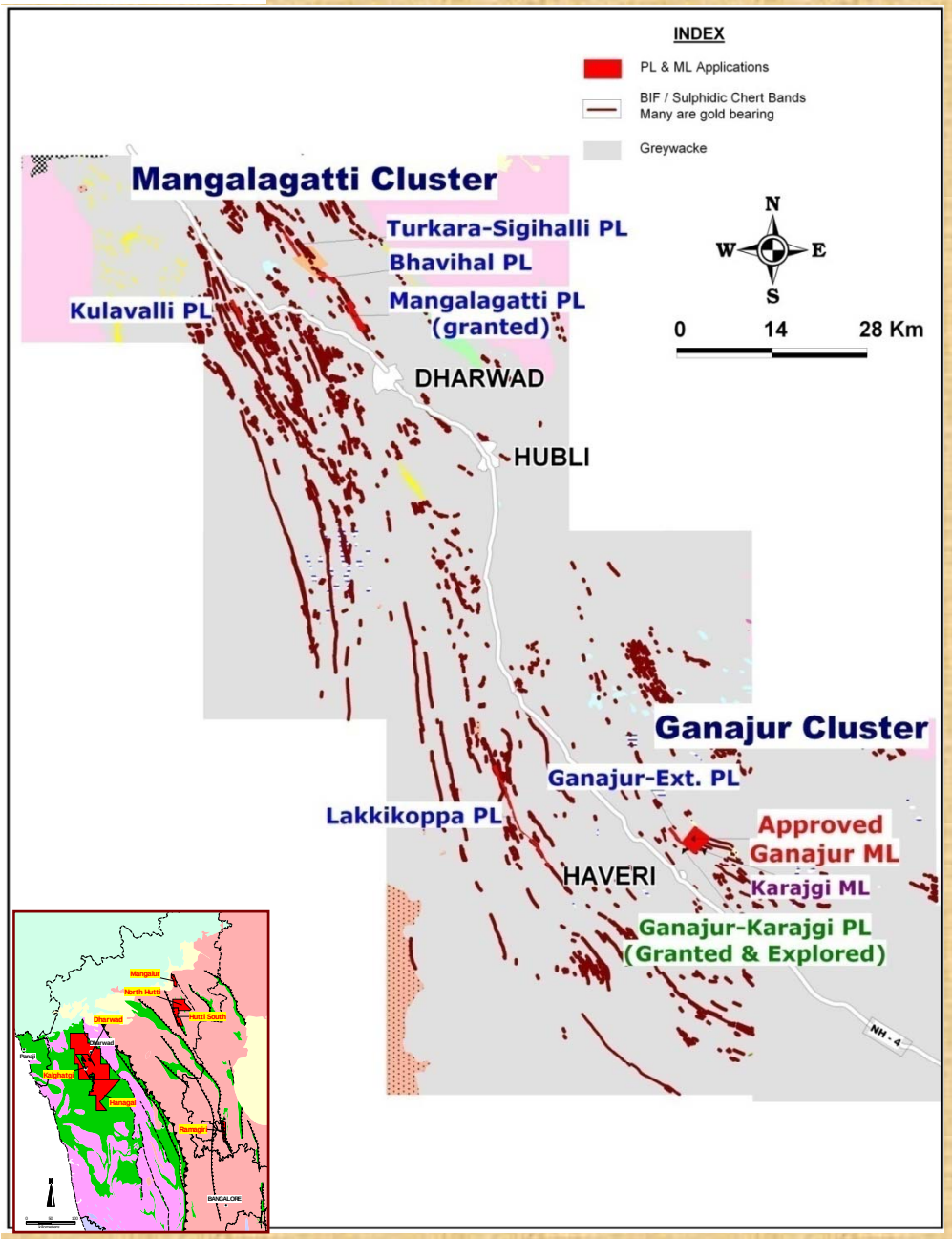
DHARWAR SHIMOGA BELT PROJECT



- DGML explored an area of around 5000 sq km of the Dharwar-Shimoga Greenstone belt covered under 2 RP blocks.
- Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert.
- **Succeeded in identifying 22 gold prospects.**
- Prospects around Dharwar towards north (Dharwar Cluster) and Haveri in the south (Ganajur-Karajgi Cluster) are considered as significant discoveries.
- Seven (7) Prospecting Licence (PL) and two (2) Mining Lease (ML) applications covering all the important prospects were filed.

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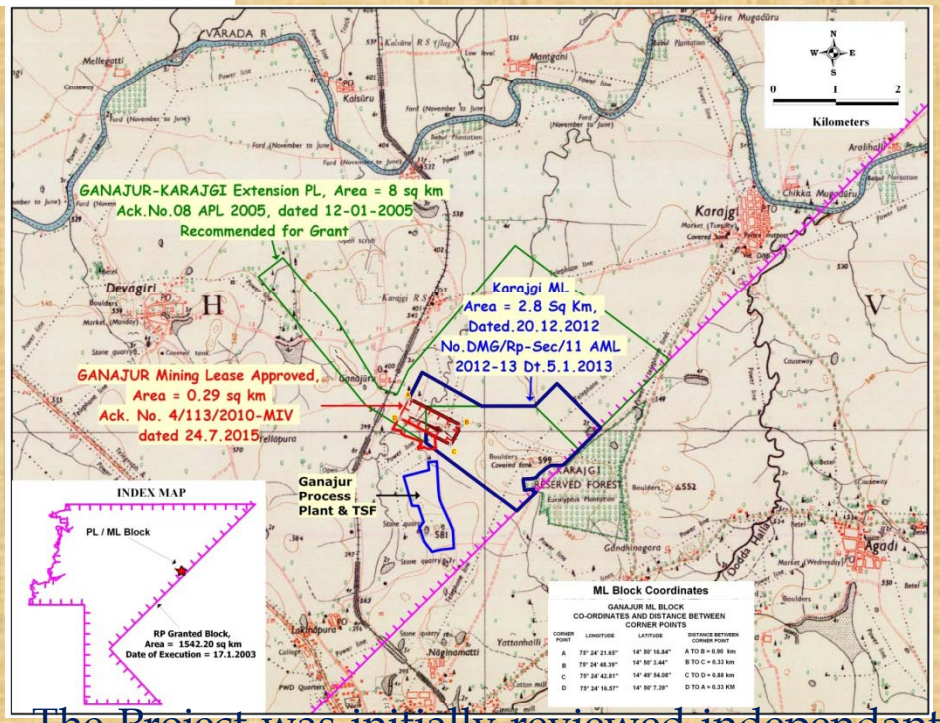
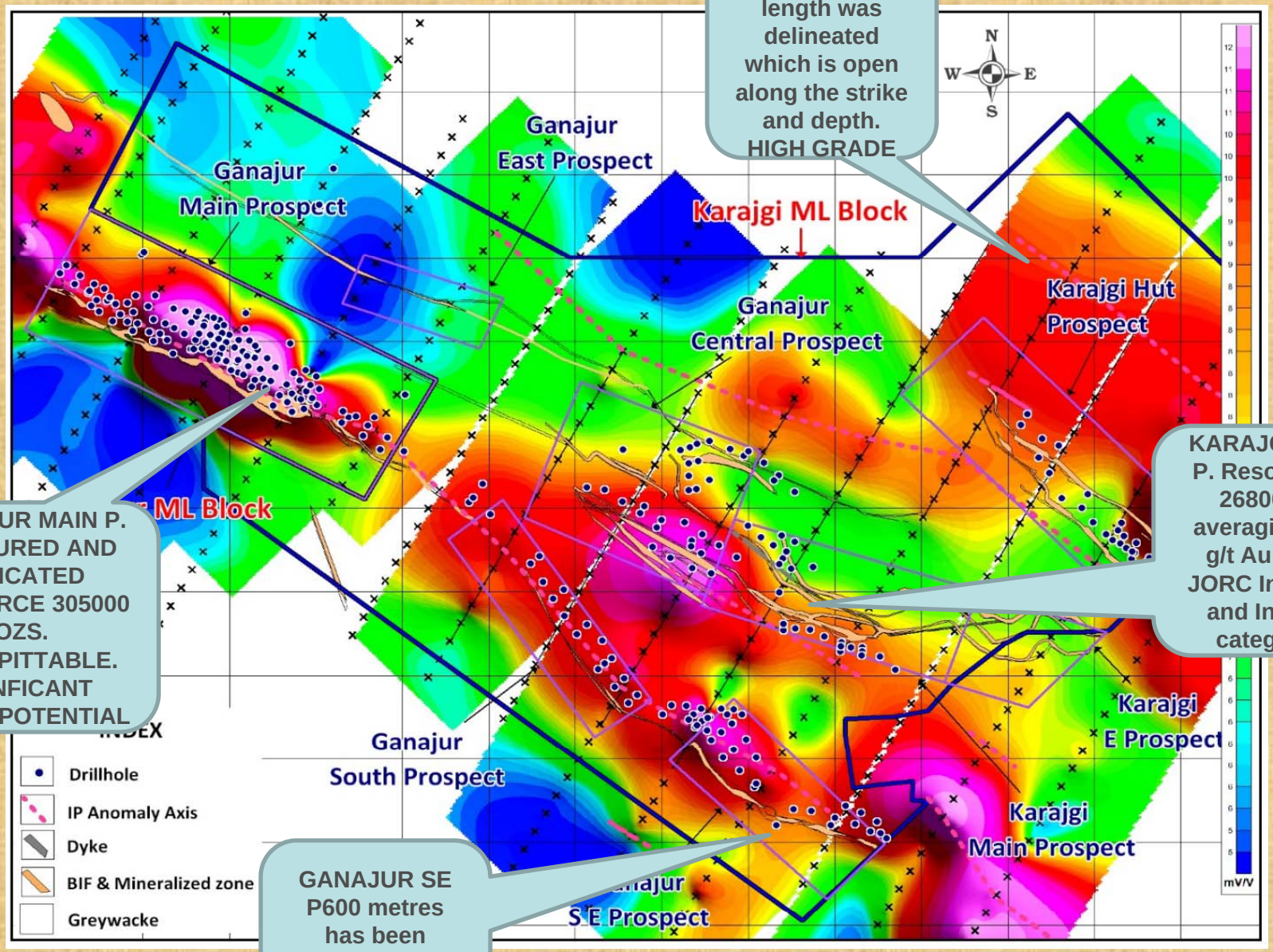
GANAJUR MAIN GOLD DEPOSIT & ITS SATELLITE PROSPECTS:



- The Project was initially reviewed independantly by Internationally aclaimed SRK Mining Services (SRK).
- **JORC compliant Indicated resource of 308,000 Oz of gold to a depth of 120 metres was estimated. The project economics was opined as robust.**
- **DGML entered into MOU with Govt of Karnataka to establish a gold mining industry in this project area. The Project has been cleared by State High Level Clearance Committee (SHLCC).**
- DESPL explored an area of 1,542 Sq km under a Reconnaissance Permit (RP) that resulted in locating several significant gold prospects that include Ganajur Main Gold project and the adjacent prospects in the Ganajur-Karajgi cluster.
- Ganajur-Karajgi Cluster is part Ranibennur group of the late Archaean-Dharwar-Shimoga greenstone belt in the western Dharwar Craton.
- Prospecting License (Ganajur-Karajgi PL Block) over an area of 2.2 sq.kms was granted on 10.9.2009.
- Explored by using multi disciplinary Exploration techniques as per international standards.
- All the prospects have been covered under 3 Prospecting Licence and 2 Mining Lease applications in this cluster.
- **Exploration carried out so far has demonstrated that the Ganajur-Karajgi Cluster is an important mineralised corridor with possibility of finding sizeable resources of of gold.**



CHARGEABILITY ANOMALY SLICE PLAN AT 24 M DEPTH

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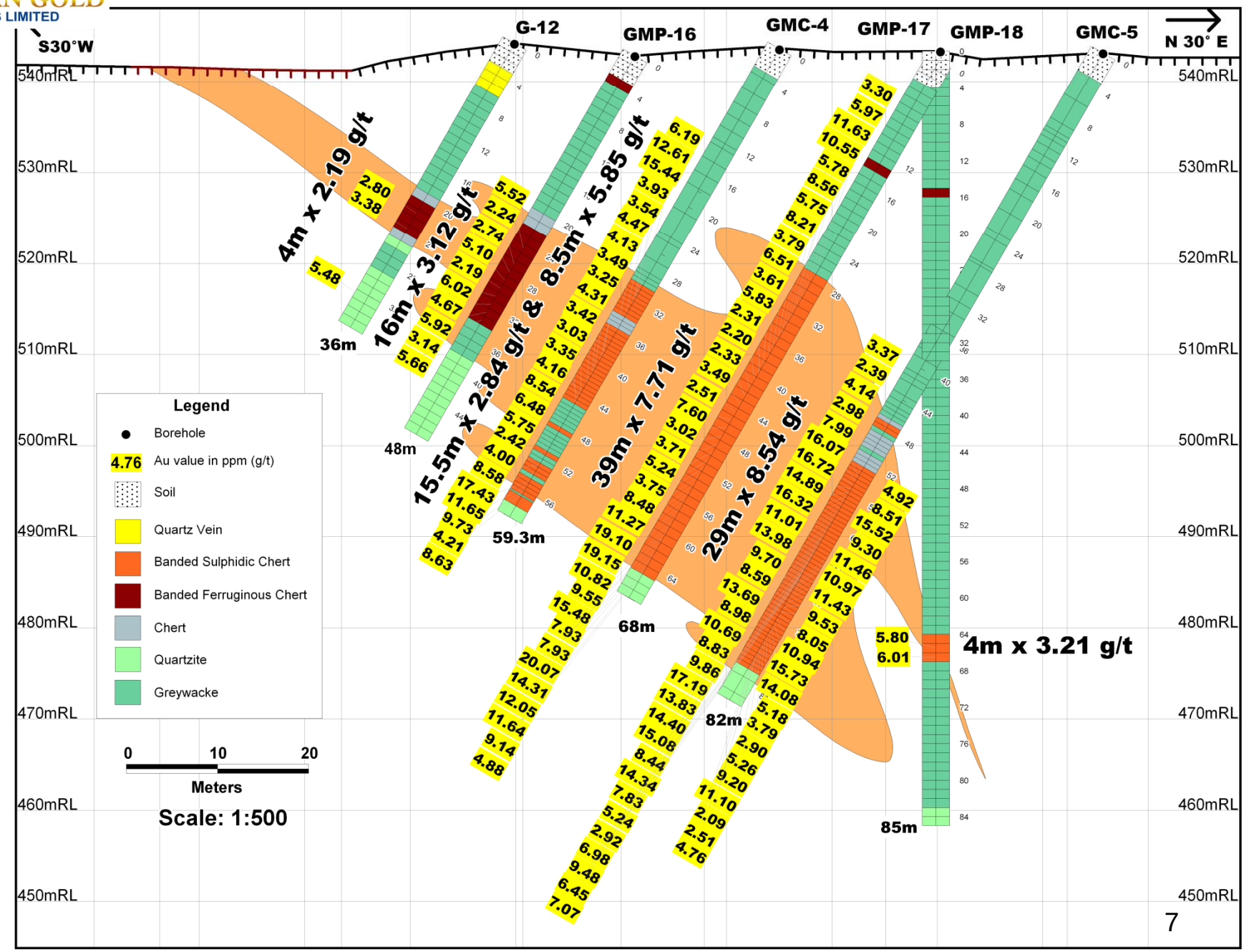
GANAJUR MAIN P- TYPICAL DRILL HOLE CROSS SECTION



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FEASIBILITY STUDIES FOR THE GANAJUR GOLD PROJECT:

- ✓ DESPL commissioned SRK Mining Services (India) Pvt. Ltd, (SRK) in the year 2011 to complete an updated mineral resource estimate and to undertake a Scoping Study and Preliminary Economic Assessment for the Ganajur Main Gold Deposit.
- ✓ The study indicated that the Ganajur Main Gold deposit is open pittable. The project has been found to be economically viable.
- ✓ **Following the positive scoping studies by SRK, DESPL appointed Snowden Mining Industry Consultants Pty Ltd (Snowden), headquartered in Perth to undertake a Definitive Feasibility Study for the project.**
- ✓ **Feasibility study involved a detailed review of the project** to take the Ganajur Gold Mine into production.
- ✓ **Detailed work involved Resource geology and Ore reserves, Mine planning, Geochemistry, Process and metallurgy, Plant designing and engineering, Tailings disposal and design of the tailing dump, Geotechnical engineering, hydrology and hydro-geology, environmental studies etc. Ore reserves under proved and probable categories were estimated as per JORC 2012 (equivalent of UNFC 111).**
- ❖ Several experts, both in country and abroad were involved in completion of the FS as per International Standards.
- ✓ **The FS indicated strong NPV that makes the project robust and economically attractive for commencement of the mine and the processing plant.**
- ✓ **The entire feasibility studies were as per International standards that lasted nearly 11 months to complete.**

MINERAL RESOURCE STATEMENT

Classification	Deposit	Tonnes(Mt)	Au
Measured	Oxide	0.58	2.8
	Sulphide	1.70	4.0
	Total Measured	2.30	3.7
Indicated	Oxide	0.13	1.9
	Sulphide	0.32	2.1
	Total Indicated	0.45	2.1
Measured + Indicated	Total	2.70	3.4
Inferred	Oxide	0.10	2.3
	Sulphide	0.11	2.3
	Total Inferred	0.21	2.3

ORE RESERVES-GANAJUR MAIN GOLD DEPOSIT

Classification	Deposit	Tonnes(Mt)	Au (g/t)
Proved Ore Reserve	Oxide	0.568	2.76
	Sulphide	1.567	3.94
Total Proved Ore Reserve		2.135	3.63
Probable Ore Reserve	Oxide	0.122	1.78
	Sulphide	0.250	2.08
Total Probable Ore Reserve		0.372	1.98
Total Ore Reserve		2.506	3.38

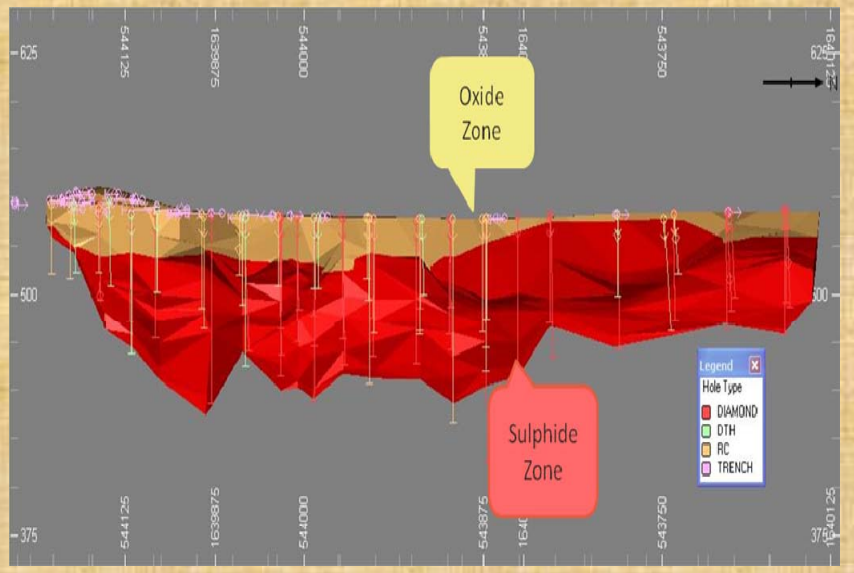
Upgradation of Mineral Resources to Ore Reserves:

Snowden has estimated 2.14 million tonnes (Mt) @ 3.63 grams per tonne (g/t) gold as Proved Ore Reserves, and 0.37 Mt @ 1.98 g/t gold as Probable Ore Reserves for the Ganajur Main Gold Deposit, thereby identifying the maiden mining inventory on the new Mineral Resource Estimates of August 2016.

It is to be noted that out of 300,000 ozs of gold estimated under Measured and Indicated Resource categories, 273,000 ozs are now placed under Proved and Probable Ore Reserves;

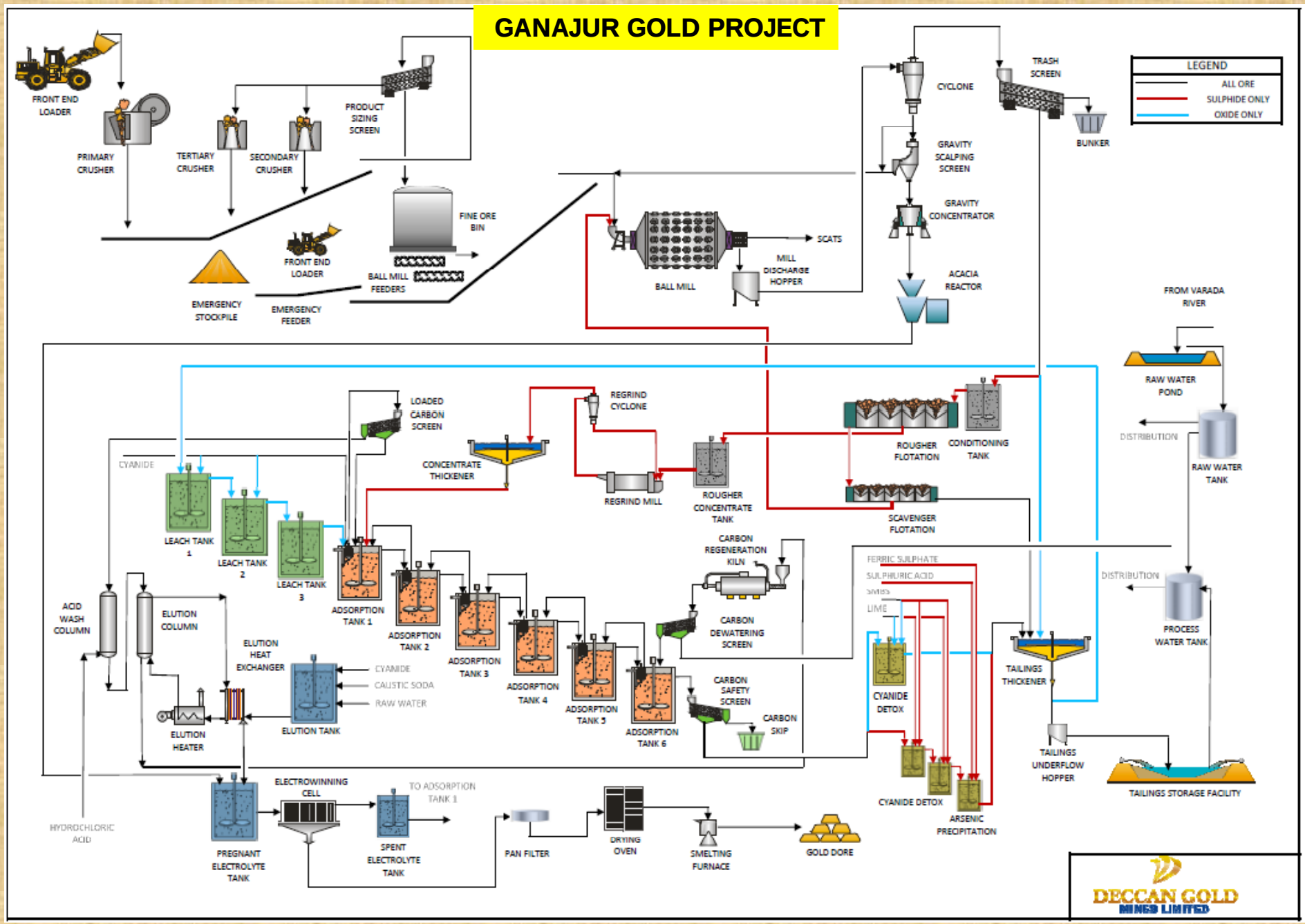
Proved Ore Reserves account for 85% of the total Ore Reserves, which is a significant milestone for Ganajur Gold Project.

- **Metallurgy:**
- **As part of the FS significant amount of metallurgical test work was carried out at various laboratories such as AMTEL in Canada, ALS Perth, and Brisbane in Australia and Shiva Analyticals in India.**
- Flotation test results on the sulphide ore has indicated a sulphidesulphur recovery of 97% and gold recovery of 95%.
- **However, overall gold recovery after UFG and CIL leaching for the Sulphide Ore has been estimated to be 79%, whereas Oxide Ore indicated 90% over all gold recovery.**



Ore Processing:

- **The FS metallurgical test work program focused on developing a gold recovery route on the predominant sulphide mineralization via a process flow sheet that involved flotation followed by the ultrafine grinding (UFG) and Carbon in Leach (CIL) on the sulphide concentrates.**
- This flow sheet was assessed as the most likely process route that would provide the maximum NPV for the Ganajur Project.
- **The oxide ore will be mined first and will be extracted by adopting Crushing-Grinding- Gravity separation – Cyanidation – Carbon in Pulp – Elution-Electrowinning-Smelting.**
- **Sulphide ore will be mined and treated by Crushing- Grinding – Flotation – Untrafine Grinding (UFG) – Carbon in Leach (CIL) – Elution- Electrowinning-Smelting.**

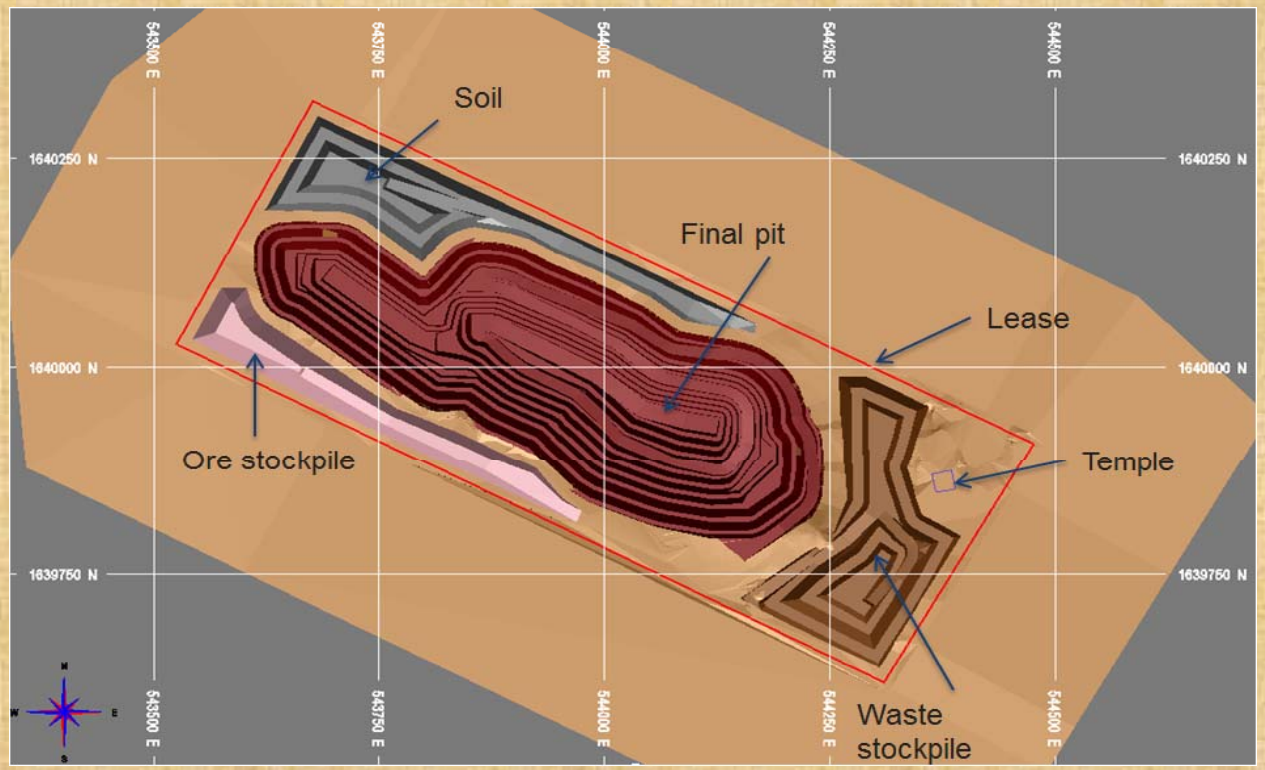


FLOW SHEET- GOLD ORE PROCESS

Mining:

The mining method is conventional open pit mining with load, haul and drill blast activities performed by an experienced mining contractor. It is planned that the mining contractor will buy back the waste for use in their civil operations elsewhere.

The Ganajur gold ore comprises layers of Oxide Ore followed by Sulphide Ore and will be mined at the rate of 0.3 Mtpa. The proposed mining plan envisages the Oxide and Sulphide Ores being mined separately. The projected life of mine (LOM) average process operating cost for the 0.3 Mtpa Ganajur Gold recovery plant is USD 18.36/tonne (t) or USD 243/oz of Oxide ore processed and USD 23.53/t or USD 249.31/oz for the Sulphide ore processed.



HIGHLIGHTS OF FEASIBILITY STUDIES-FINANCIAL

The financial model demonstrates net cash flows of USD 133 million (M) before tax over the life of the mine (LOM). The Net Present Value (NPV) at 5% DCF is USD 91.6 M and USD 61.4 M before and after tax respectively. The Internal Rate of Return (IRR) is a very healthy 39.1% and 29.6% before and after tax respectively, and the payback period for the Project is 2.7 years.

Item	Unit	Value
Pre-production	years	1.75
Life of process production	years	8.35
Project life	years	10.1
LOM ore mined	Kilo tones (kt)	2,506
LOM waste mined	kt	9,237
LOM total material mined	kt	11,743
Strip ratio Waste : Ore		3.68
LOM ore processed	kt	2,506
LOM average Au grade	%	3.38
LOM average Au recovery sulphide ore	%	79.0
LOM average Au recovery oxide ore	%	90.0
LOM average gold recovery	%	81.7
LOM contained ounces	Kilo ounze (koz)	273
LOM recovered ounces	koz	221
Average annual gold produced	koz	27
Plant throughput (average)	Mtpa	0.30
LOM Au price	USD/oz	1,250

Summary of total Life of Mine costs

Item	Unit	Value
Pre-production capital	USD M	46.6
Production sustaining capital	USD M	3.1
Total Capital Costs	USD M	49.7
Total Mining	USD M	21.6
Total Processing	USD M	55.8
Onsite Labour	USD M	1.2
Total Operating Costs	USD M	78.5
Royalties	USD M	14.9
Taxation	USD M	39.8
TOTAL ALL COSTS	USD M	183.0

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	133.0
NPV_5	USD M	91.6
IRR	%	39.1

Economic model headline results before taxation

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	93.1
NPV_5	USD M	61.4
IRR	%	29.6

Economic model headline results after taxation

Break Even:

A break even analysis after taxation was undertaken on the gold price and gold grade for NPV(Table 8). The analysis shows that the Project breaks even at a gold price of USD 701/oz of gold and gold grade of 1.90 g/t as compared to the average gold grade of 3.4 g/t at Ganajur Main Gold deposit.

The Project LOM KPIs after taxation are presented

Item	Unit	Value at $1,250/oz Au
Total value of product sold	$ M	276.1
Cash cost	$/oz	423
Total cost	$/oz	829
Production year payback	year	2.7
Brooke Hunt methodology C1 cost	$/oz	356
Brooke Hunt methodology C2 cost	$/oz	356
Brooke Hunt methodology C3 cost	$/oz	423

Item	Unit	Breakeven
Gold price	USD/oz Au	701
Gold grade	g/t Au	1.90

Mine development and gold production is expected by the end of year 2019 subject to getting all the clearances.

GANAJUR GOLD MINE PROJECT APPROVAL STATUS

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LAND ACQUISITION PROCESS

- DESPL received a Government Order (G.O.) on 28th April 2012 for allotment of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant.

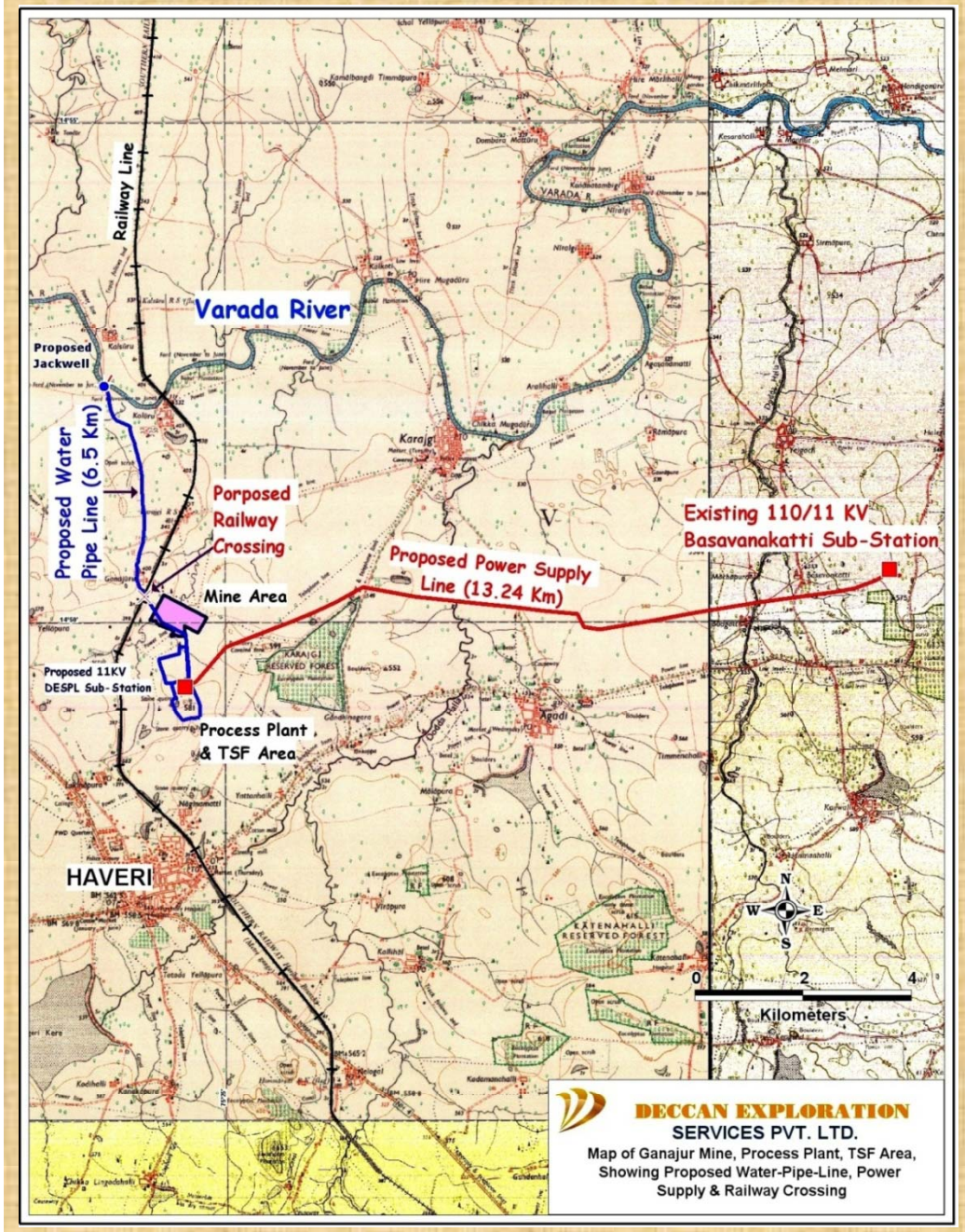
- The G.O. has also facilitated land acquisition process through Karnataka Industrial Areas Development Board (KIADB), for which DESPL has submitted application to the KIADB on 25th March, 2013.
- **Our application for the allotment and acquisition of additional area of 55 acres (total 255 acres) through KIADB was approved by the SLSWCC vide Order No CI 146 SPI 2012m Dated 09-08-2017.**

- DESPL has obtained 90% consent from land owners.

- DESPL's long term lease agreement with land owners of the proposed gold mine will be an added advantage in the land acquisition process.

- A new agreement with the farmers belonging to ML area was entered into to pay the farmers an advance of Rs. 1.25 lac per acre which is linked to the final settlement on acquiring the land.

- KIADB has processed our application and sent a demand letter for payment of 40% advance towards land acquisition.
- DGML has remitted this 40% advance amount of Rs 6.82 Crores based on which our application is being further processed U/s - 3(1), 1(3) and 28(1) of the KIAD Act, 1966.



Power for Plant and Mine:

DESPL's application for obtaining 5 MW power from a HT110 kilovolt-amperes (kVa) power line from Basavanakatti substation (13.24 kms) has been sanctioned by Karnataka Power Transmission Corporation Limited (KPTCL) under self execution scheme in February 2017.

Preliminary survey and detailed survey was completed by our electrical contractors authorized by KPTCL. KPTCL the reports and also approved our request for allotment for land for the terminal bay.

Water

DESPL submitted a proposal to the Secretary, Water Resource Department, and Government of Karnataka in Bangalore for pumping around 1.08 million cubic meters (Mm^3) of water per annum.

After all the field inspection by the water authorities, our file was forwarded the file to the Chief Engineer, Water Resources Development Organisation (WRDO), Bangalore. Letter forwaded to the State Government

Railways:

- DESPL has entered into an agreement with the South Western Railway for execution of the project. SW Railway, Mysore accorded permission for laying water pipe line below the railway line near Ganajur.
- We are in talks for reputed engineering companies for undertaking this job on a turnkey basis.

Environmental Clearance for the processing plant:

- DESPL has received the TOR from MOEF for the Processing plant.
- Baseline environmental data has been collected.
- The draft EIA/EMP report is being finalized and would be submitted to the Karnataka State Pollution Control Board before conducting the Public Hearing.

- DESPL has held several rounds of discussion with a number of Engineering companies for EPC (Engineering, Procurement and Construction) contract for the construction and commissioning of the processing plant and related infrastructure.

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GANAJUR GOLD PROJECT- PROJECT IMPLEMENTATION PLAN

Subject to grant of LoI

ACTIVITY	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A. Regulatory Approvals												
• LOI and Approval Mining Plan by IBM												
• Land Acquisition												
• Environmental clearance (processing Plant)												
• Environmental clearance (Mine)												
• Execution of ML												
• All other approvals												
2. Process Engineering & Procurement												
• Long Lead Equip Items												
• Tender Award EPCM												
• Tender Award Construction Contracts												
• Equipment/Materials Final Design/Procurement/Delivery												
3.Construction												
• Site Access Road/ diversions												
• TSF & Waste Rock Facility												
• Water pipe line from Varada River												
• Plant Site Earthworks + RWSD												
• Ancillary Buildings												
• 110kV Power Line												
• Process Facilities												
4. Open pit Mine development												
• Tender/Award Mining Contractor												
• Commencement of mining												
5.Commissioning												
• Plant Commissioning & Ramp-Up												
• Commercial Production												

The benefits to be accrued from the projects are substantial.

- Deccan Gold has top class asset base located in World Class and Geologically Potential Gold Province.
- Dedicated and focussed Management with strong shareholder support
- Gold Price 0utlook is positive with ever increasing demand for Gold as against supply in India.
- India imports a whopping 800 tonnes of Gold as against indigenous production of < 10 Tonnes
- DGML aims to become a key gold producer of the country in the future
- About 500 jobs both direct and indirect will be created and the beneficiaries will be mostly local people. DGML has planned to invest around Rs 500 crores (50 M USD) for Ganajur gold project.
- Generate revenue to the state by way of royalty. District Mining Fund (DMF)
- Multiple benefits would be derived by the locals such as- improvement of infrastructure facilities, education, health centres, clean drinking water, better access roads, electricity, improved health and sanitation.

- Increase in production of gold within India helping reduce its dependency on gold imports and facilitating the Central Government's "Make in India" campaign.

- Create sustainable environmental benefits through creation of a green belt around the mine site

KARAJGI MAIN PROSPECT

Karajgi Main is located at 1 km South East of Ganajur Main Prospect. It is rated by DGML as one of the most important among the prospects in the PL block.

A total of 3 auriferous zones were defined trending northwest and dipping towards northeast. Zone-1 and 2 with cumulative strike length of 360 metres with steep dips towards NE are the two branches that constitute the Karajgi main mineralised zone. Zone-3 is on the northern slope of the Karajgi Main hill that is correlated to Band-A. Zone-3 has a strike length of 140 metres dipping at 30 to **35º towards NE.**

Ba**sed on these data DESPL a resource of 27000 ozs of gold was estimated for Karajgi Main Prospect as per JORC Indicated and Inferred categories.** The resource was estimated up to a vertical depth of 80 metres. The true thickness of the ore body varies between 1.45 to 9.0 metres.

(data would be subject to validation by an Independent Competent person)

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GANAJUR SE PROSPECT

- **Ganajur southeast prospect (GSEP) is located around 1.2 km SE of Ganajur Main prospect.**
- Channel sampling and the follow up DTH, drilling carried out during the R.P. tenure helped DESPL to delineate a mineralized zone for a length of 455 metres. Encouraged by these findings a close spaced diamond core drilling programme was carried out under PL. Most of the drill holes intersected a sulphidic chert band carrying significant gold values.
- **DESPL estimated a resource of 35000 ozs of gold that could be classified as indicated as per JORC standards** (Subject to validation by an Independent Competent person).

- **The outcome of the preliminary exploration in Ganajur SE Prospect has confirmed our interpretation of finding additional gold Resources in the satellite prospects surrounding the Ganajur Main Gold Deposit.**

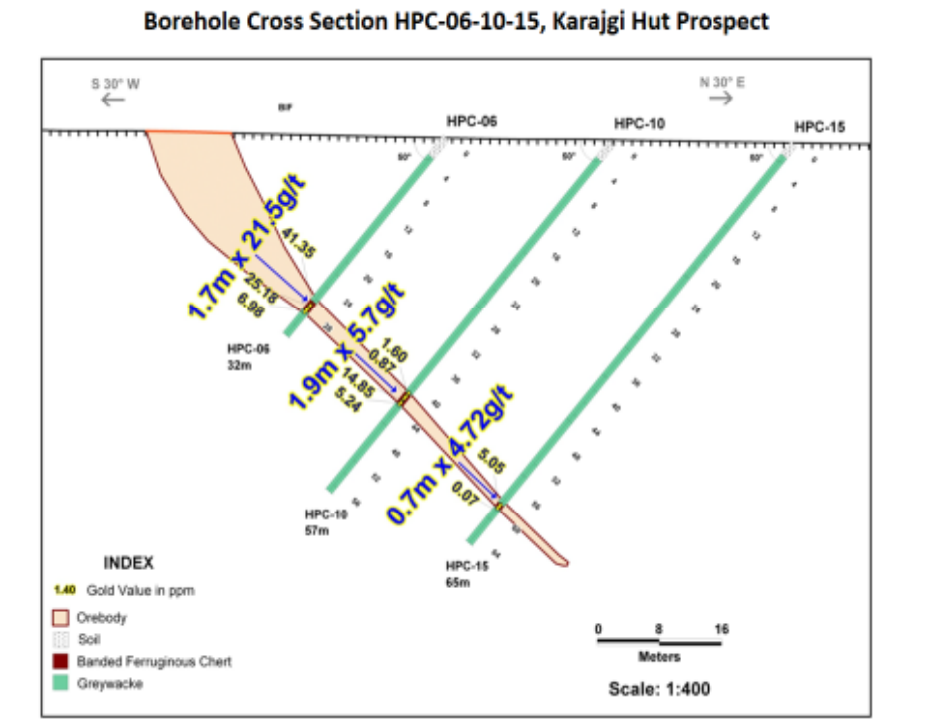
Karajgi Hut prospect:

The Karajgi Hut prospect is located around 600m NE of Karajgi Main prospect. Geological mapping during PL indicated presence of two parallel BIF bands with a cumulative strike length of 530 metres. Ground IP geophysical survey has indicated a moderate IP anomaly in this block.

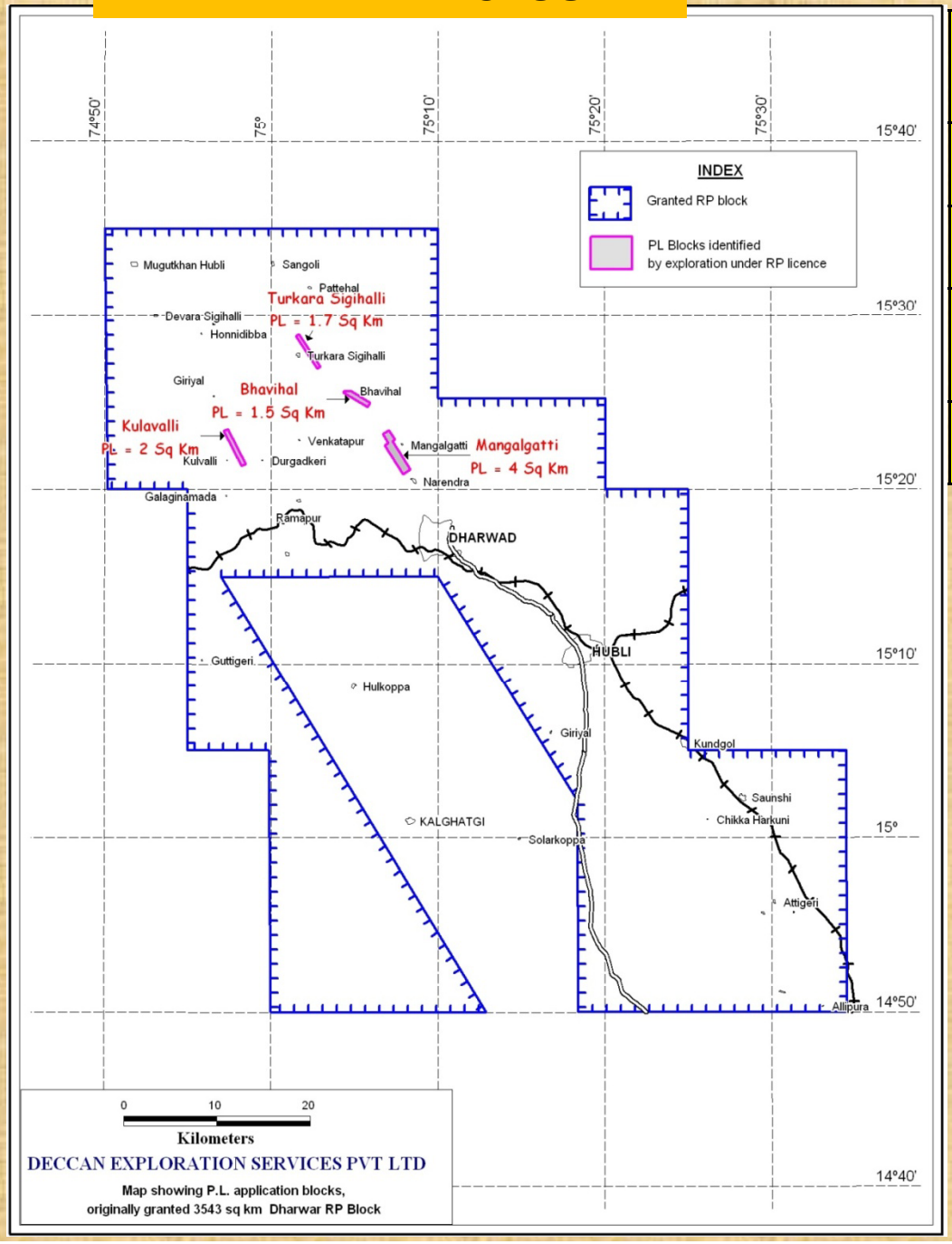
A total of 16 shallow drill holes were completed in Karajgi Hut Prospect involving a total of 816.80 meters and 8 Shallow R.C. drilling of 351 meters.

The highlight of the drilling programme were the excellent results in Karajgi Hut prospect which now looks to be a host for high grade gold mineralization.

A total of 300 metres of strike length was delineated based on the drill results. The mineralization is open along strike and depth. **The gold values range between 1 to 41.3 g/t. The mineralized zone is narrow with a maximum width of 3.8 metres. However the gold values are rich. The ore from this can act as sweetener for the Ganajur Main ore at the time of processing.**



DHARWAR CLUSTER



DESPL's Applications

Extent sq.kms	Village	Taluk
4	1. Mangalagati	Dharwad
1.5	2. Bhavihal	Dharwad
1.7	3. Turkara-Sigehalli	Belgaum
2	4. Kulavalli	Belgaum

Amongst these Mangalagatti PL application was granted by the Karnataka State Government on 11-10-2012 after obtaining approval from the Ministry of Mines, Government of India.

All appliations are saved under Section 10A (2)(b) of the MMDRcAct

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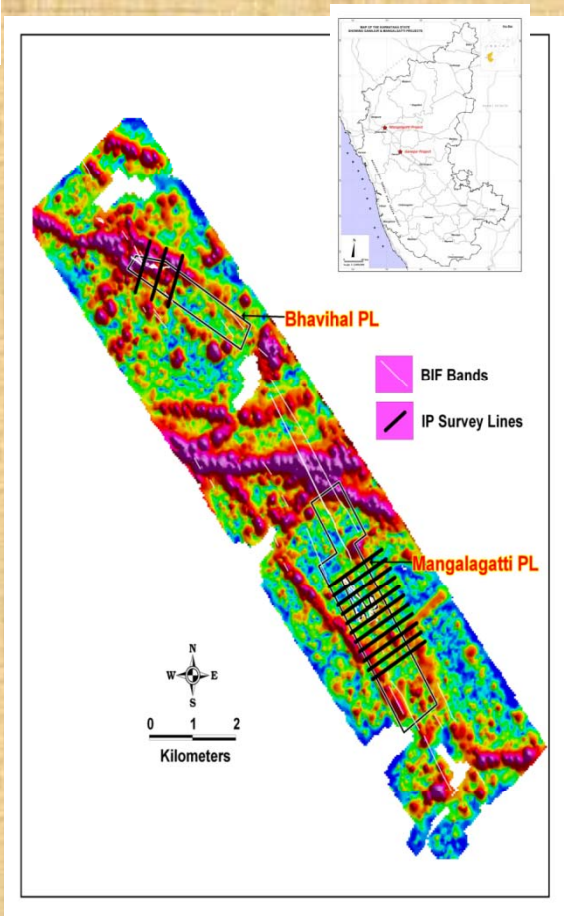

MANGALAGATTI AND BHAVIHAL PROSPECTS

- **Manglagatti and Bhavihal prospects are located 12 to 20 kms north of Dharwar city.**
- They form part of the 'Dharwar Cluster' of gold bearing Chert bands. The Dharwar cluster comprises of Mangalagatti SE, Mangalagatti Main, East and Bhavihal prospects .

- All these are considered as highly potential like the Ganajur-Karajagi cluster near Haveri.
- **An ancient working and in Mangalagatti indicates ancient mining activity in the area.**
- Two auriferous zones extending for nearly 500 meters over a width of 30 meters were defined.
- **An inferred resource of 1.5 million tonnes@ 1.63 g/t Au was estimated based upon results of shallow RC drilling programme.**
- **In Bhaihal Prospect based on preliminary investigation a wide zone of gold mineralization wasdelineated and an inferred resource of 74,000 oz of Au was estimated averaging 1.76 g/t.**

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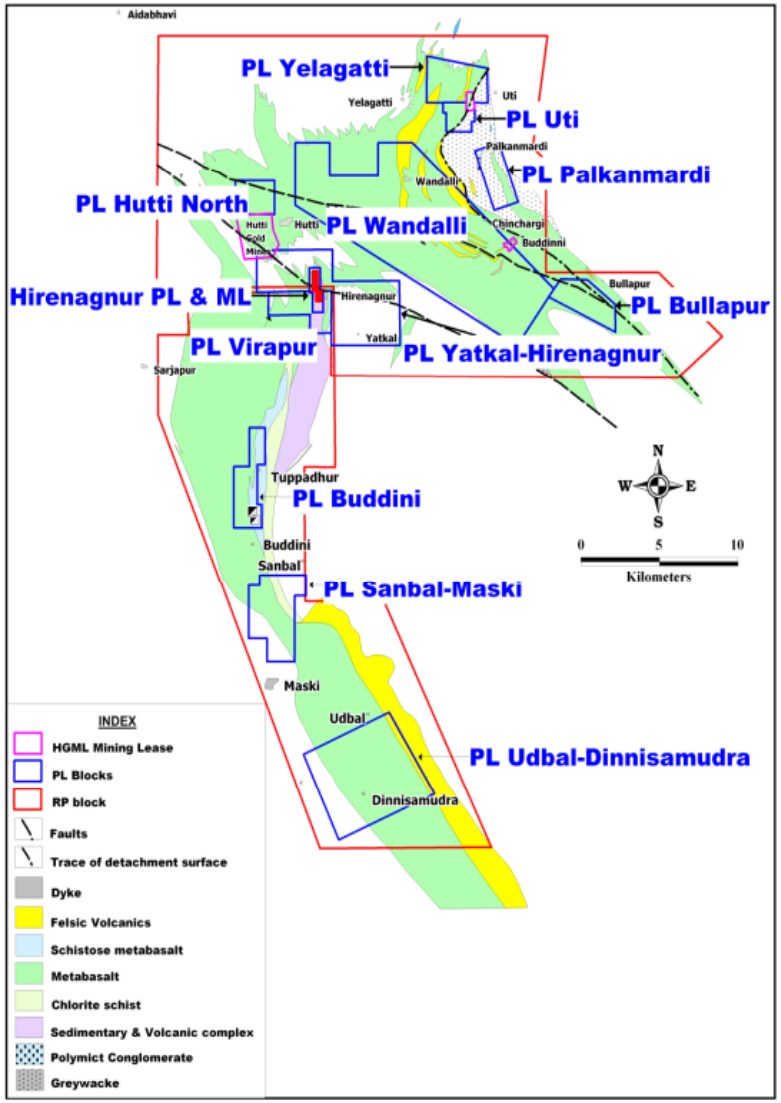
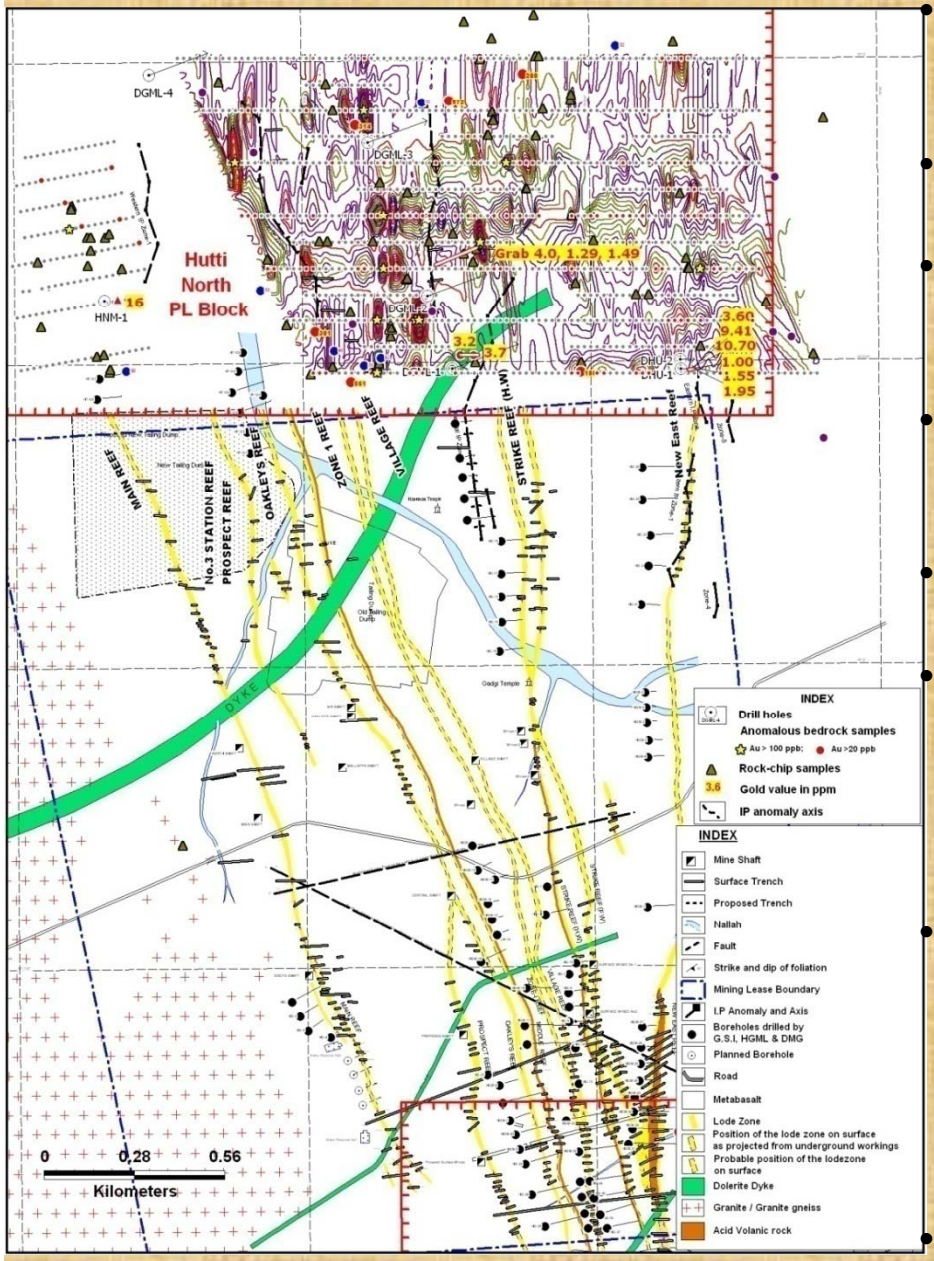
HUTTI-MASKI GREENSTONE BELT PROSPECTS



- **India is a historically recognized as one of the oldest gold mining centers in the world. The ancient Indian gold mining history goes back to 8000 years, which is as old as the Vedic Times and evidences show that there were about 900 panning sites all over the country.**
- Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India.
- Remarkably similar to the classic Archaean Superior Craton in Canada, the Yilgarn Craton in Western Australia and the Kolar greenstone belt in India.
- DGML carried out exploration over an area 851 sq km in the Hutti Belt under its two Reconnaissance exploration Permits (RPs).
- The systematic exploration efforts of DGML geologists resulted in defining 21 gold bearing blocks**. A total of 8 prospecting license (PLs) applications have been filed with the Karnataka State Government. These PL applications are valid as per New MM&DR Act 2015.**
- **These were new discoveries with immence geological potential.**
- **The overall geological potential may be prognosticated to around 2 to 5 million ounzes of gold. This however needs to be confirmed by detailed exploration including drilling.**

EXTENSION OF HUTTI MINE LODES INTO DESPL'S APPLIED PL AREA-
Hutti North PL Block



- **Hutti North PL Block is located immediately north of the currently operating Hutti Gold Mine in Raichur District in Karnataka.**
- **The Hutti Gold Mines has produced in excess of 1.8Moz to a vertical depth of 800m.**
- A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the Hutti Mines.
- These lodes have been developped and mined upto the ML boundary of HGML towards north that borders DGML;s PL Block.
- DESPL Explored North Hutti Block by moderr exploration techniquest under RP.
- **The exploration efforts resulted in tracing the extensions of 5 of the gold lodes that are being mined in the Hutti Gold Mines. Notable discoveries include Main reef (16 g/t Au) and East Reef analysing upt 10 g/t Au.**
- **Information across the world with similar geological set up and adjoining an operating world class mine suggests possibility of finding big deposit of gold. Hutti North Prospect has a great potential for hosting > million ounzes of gold.**
- **This will be confirmed after carryiing out detailed exploration by drilling.**

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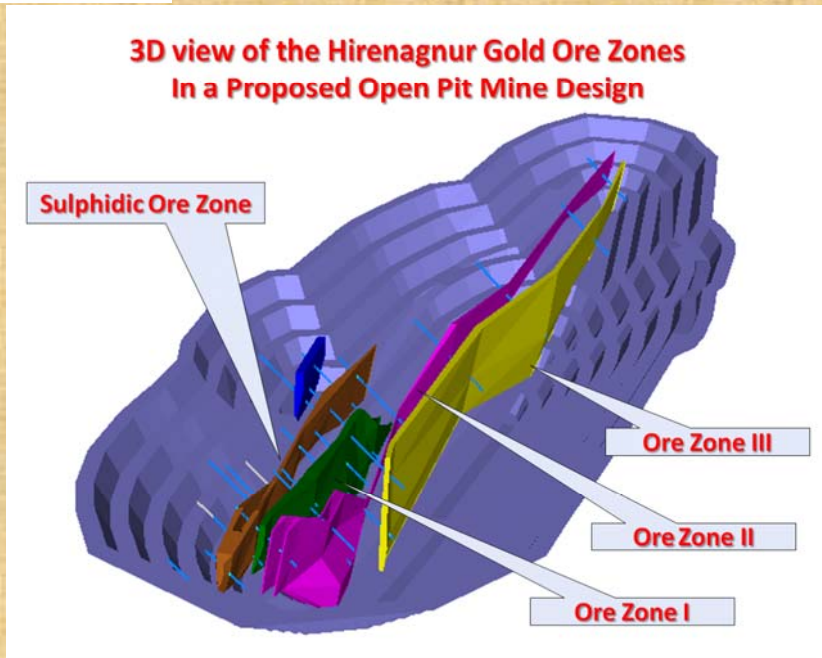
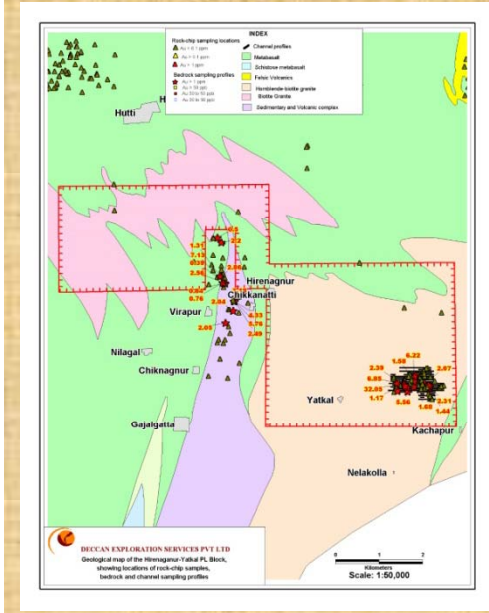
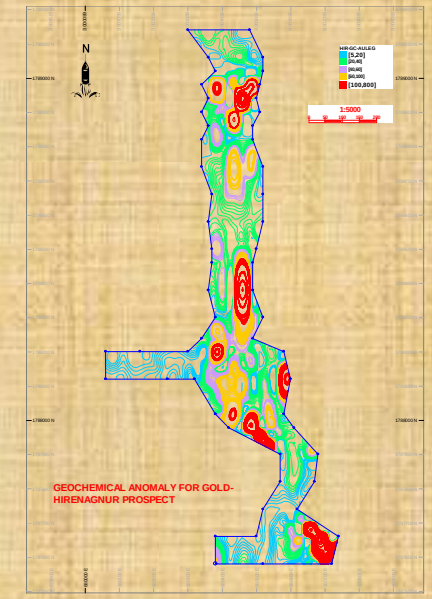
Hirenagnur Prospect:



HIRENAGNUR-YATKAL PL BLOCK





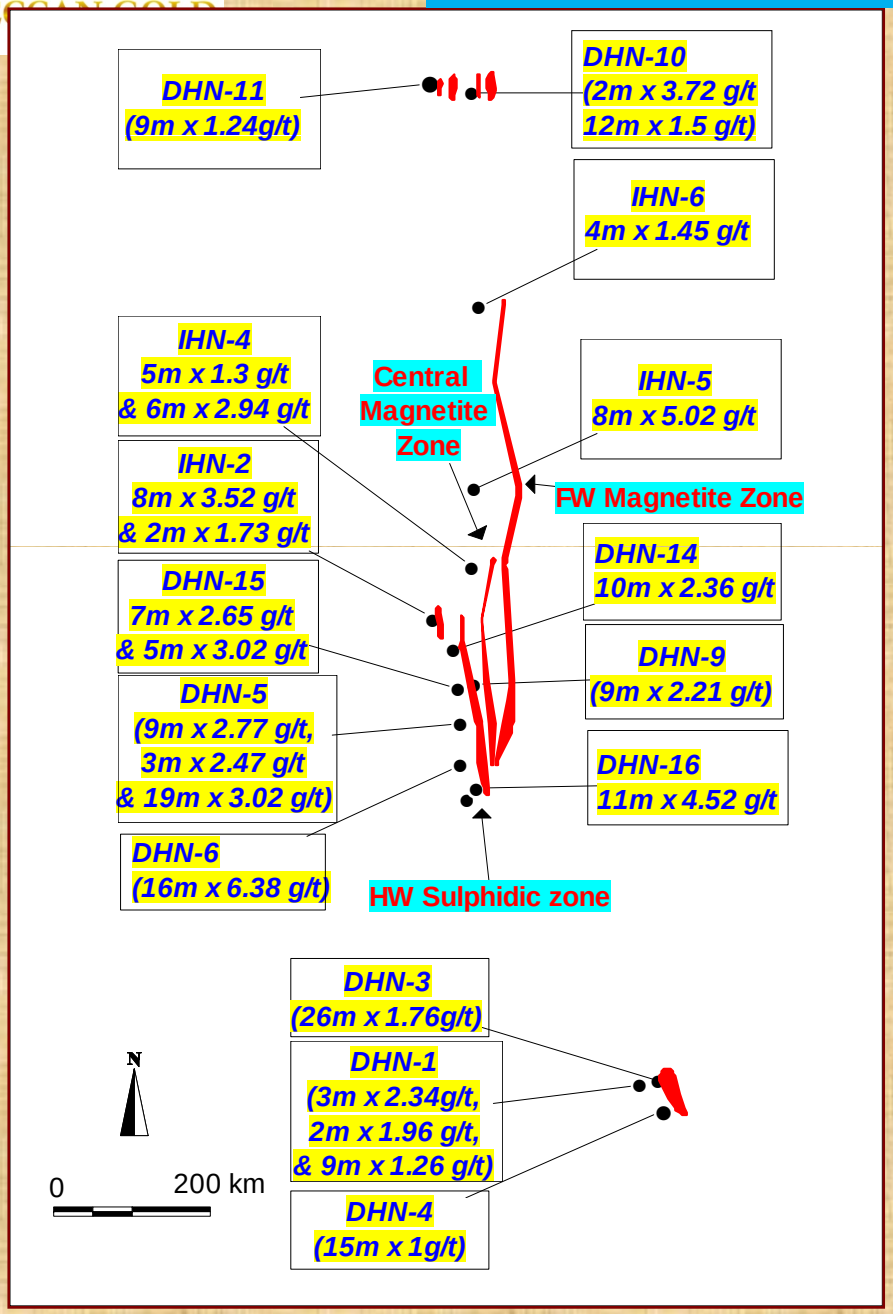
- **DGML considers Hirenagnur prospect as one of its best discoveries which is located 6.5 kms southeast of Hutti Gold Mines.**

- Systematic exploration by means of geochemistry, ground geophysics, RC drilling and structural mapping has established a large mineralized system of 2 kms length over a width of nearly 50 metres.

- Preliminary drilling indicated presence of 4 parallel mineralised zones of which the eastern most zone, i.e., zone III has a strike length of 600 metres.

- **The data generated also suggests the possibility of open pit mining at Hirenagnur.**

HIRENAGNUR PROSPECT



- **A preliminary resource of 6.0 tonnes of Au is estimated averaging 2.72 g/t over 10-15 m width. This is just based on very limited drilling.**
- The results of Hirenagnur is looking exciting and is akin to world class deposits such as Cleo-Sunrise Dam deposit in Western Australia and mines in Lake Victoria in Tanzania with similar geological set up.
- The overall strike length is more than 1 km and the shear zone is very wide. There is a possibility of finding > 1 million ounzes of gold just by comparing it with other similar deposits elsewhere in the world.
- The test indicated that the Hirenagnur ore is mostly free milling with marginal amount of gold in sulphides.
- The study also indicates that by the standard cyanide leaching process we can achieve a recovery of 89% Au. Recovery can go upto 94% by further roasting.

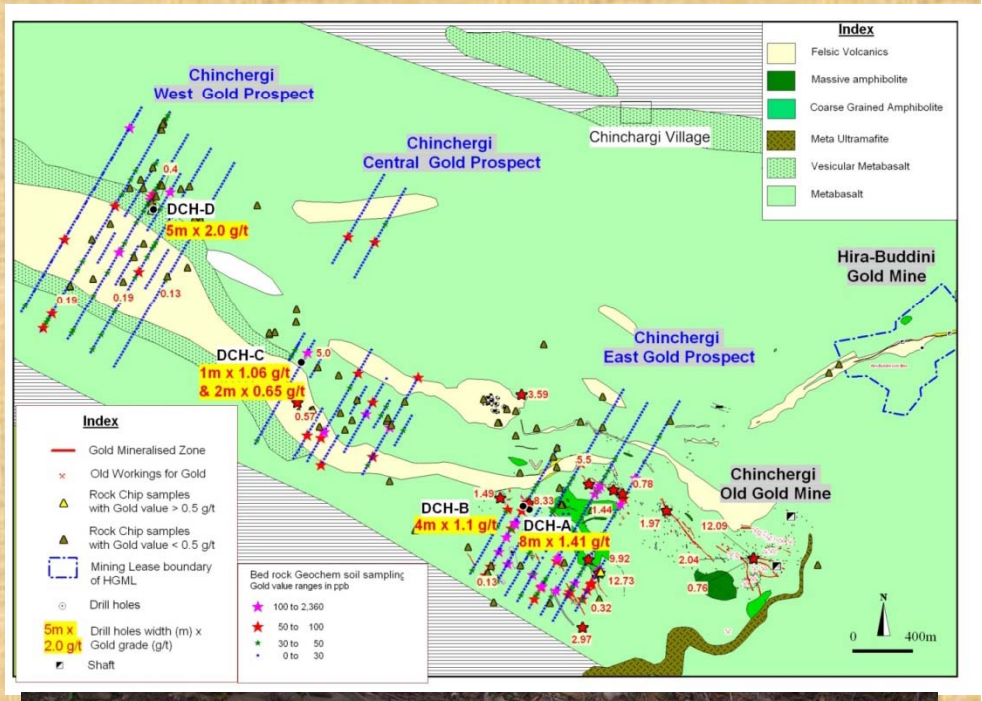
Chinchergi-Wandalli Prospect

1. This block is an excellent exploration target defined by DGML as a result of extensive geochemical exploration, geological mapping, ground magnetic survey and limited Reverse Circulation drilling.

2. DGML targeted a part of the major WNW trending Chinchergi-Amareshwara lineament between Chinchergi Prospect and Wandalli Prospect. Several ancient workings are seen all along this block.

3. Chinchergi prospect located some 15 km east of Hutti Gold Mine is an area of extensive ancient mining.

4. The British undertook extensive U/G mining at Chinchergi.



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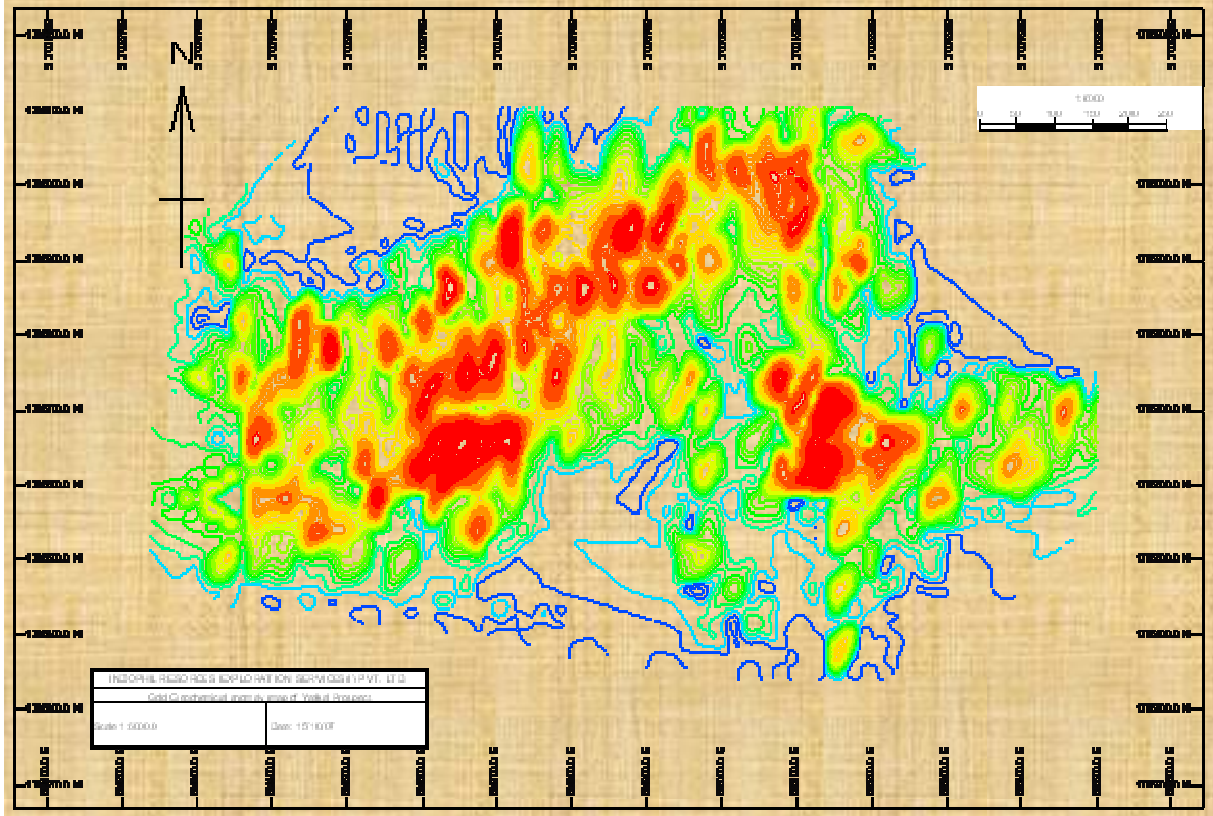
YATKAL PROSPECT



Yatkal Prospect is situated along the southern margin of the North Huttti R.P. Block and gold is found in the granites intruding the Hutti volcanic belt.

Yatkal prospect is situated 10 kms south-east of Hutti. Gold mineralization is noticed in quartz veins emplaced along sheared and fractured granite. Mineralisation is controlled by NE-SW trending fracture systems along which several quartz veins are emplaced.

A 900 m long, 150 m wide NE trending **soil geochemical** in the western part and a NW trending 400 m long narrow zone in the eastern part is noticed. The western anomalous zone shows sulphide rich granodiorites with 5 parallel zones of quartz veins. Rock chip sampling has revealed anomalous gold content in several samples with best values ranging from 1 to 32.05 g/t.

Preliminary exploration so far suggested a granite hosted gold mineralisation in Yatkal prospect.

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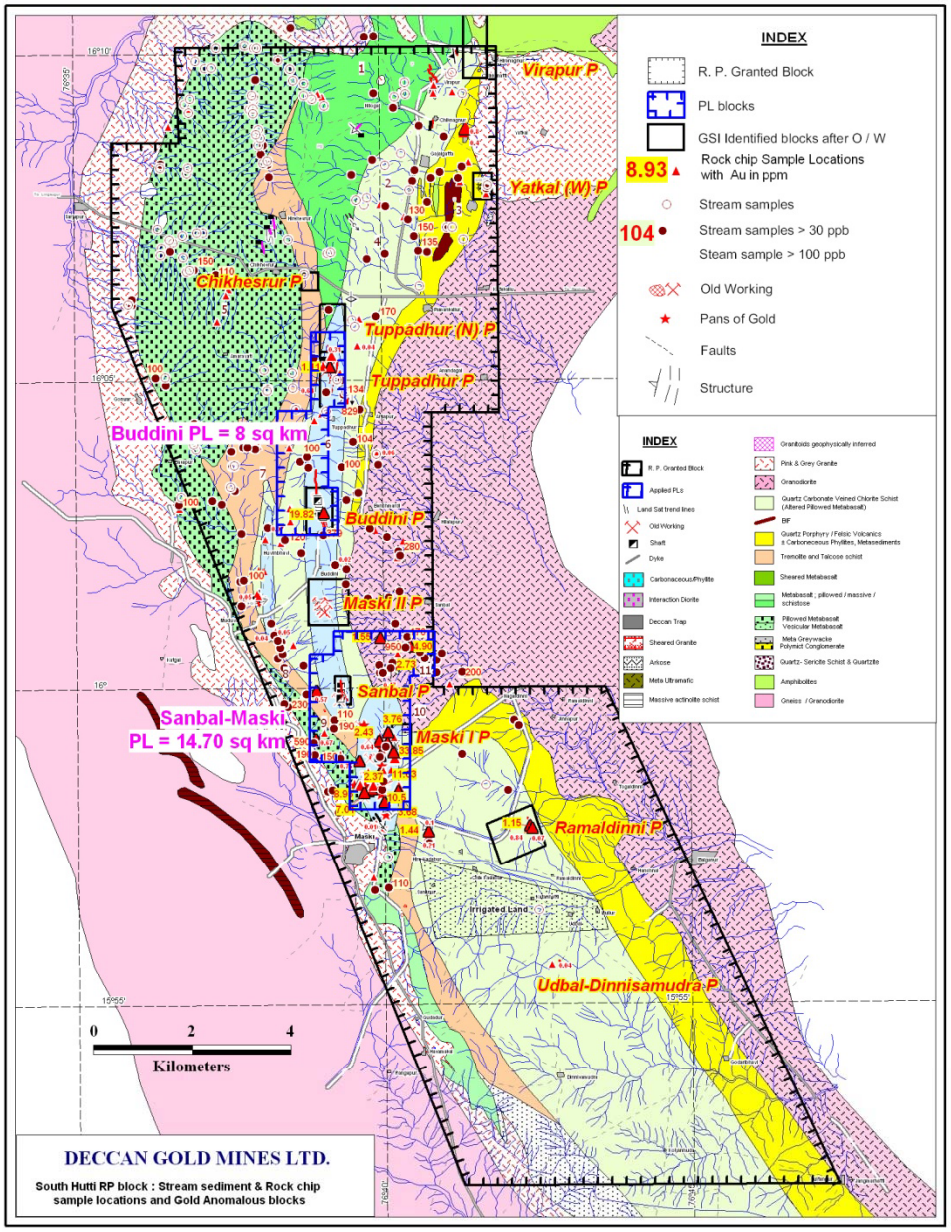
PROSPECTS IN SOUTH HUTTI BLOCK



The south Hutti RP block originally covered 315 sq km to the south of Hutti Gold Mines

During the RP tenure the following studies were carried out :

- Data compilation of all previous exploration and ancient mine sites
- Comprehensive stream geochemical sampling over the entire block.
- Auger sampling at Maski prospect.
- Bedrock geochemical sampling,
- Channel sampling and analysis
- Geological mapping

As a result several significant prospects have been identified.

Prospecting Licences have been applied covering 14.7 km^2 (covering Maski, Sanbal & Ashoka P)

8 Km^2 (covering Buddini & Tuppadhur P)