



DECCAN GOLD

MINES LIMITED

(CIN : L51900MH1984PLC034662)

Corporate & Correspondence Address

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August 30, 2018

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

(BSE Scrip Code : 512068)

Dear Sirs,

We write to present the following information with a request to take the same on record.

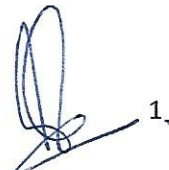
Hutti North Prospecting Licence (PL) application – favourable ruling from Tribunal, Ministry of Mines, Government of India

At its hearing on August 28, 2018 the Tribunal, Ministry of Mines, Government of India set aside the rejection order of the State Government of Karnataka in respect of the Prospecting Licence (PL) application of Deccan Exploration Services Private Limited (DESPL) over the Hutti North PL Block covering an area of 4.9 sq kms. We are awaiting the official order from the Revision Authority.

The above favourable ruling is very significant and is primarily in the light of the Judgment dated May 8, 2018 of the Hon'ble Supreme Court of India setting aside the proposal of the State Government of Karnataka seeking to reserve the Hutti Belt areas in favour of its own undertaking viz., Hutti Gold Mines Limited by overlooking the PL applications (including the above noted Hutti North PL application) of DESPL over those areas. The Hon'ble Supreme Court directed the State Government of Karnataka to consider the PL applications of DESPL over the Hutti Belt.

By way of background, it may be noted that after carrying out reconnaissance operations under a Reconnaissance Permit granted to it, DESPL lodged a Prospecting Licence (PL) application over the Hutti North Block covering an area of 4.9 sq kms in the Raichur District of Karnataka. Overlooking our preferential rights to obtain PL, the State Government of Karnataka rejected the PL application. DESPL contested the rejection through a revision application before the Tribunal, Ministry of Mines, Government of India.

In the meanwhile, the State Government sought to reserve the entire Hutti Belt Blocks in favour of its own PSU viz., Hutti Gold Mines Limited. The matter was contested initially before the Tribunal, Ministry of Mines; Hon'ble High Court of Karnataka and finally before the Supreme Court which pronounced its Judgement in our favour on May 8, 2018.



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Registered Office

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Hutti – Maski Belt Projects

Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. Hutti North PL Block is located immediately north of the currently operating world class Hutti Gold Mine in Raichur District in Karnataka. DESPL explored North Hutti Block during its RP tenure by modern exploration techniques.

- 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 upto 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. This will be confirmed after carrying out detailed exploration by drilling under a Prospecting Licence.

Processing of DESPL's Hutti Belt PL and other applications

In the light of the Supreme Court Judgment dated May 8, 2018, the Department of Mines & Geology, Government of Karnataka (DMG) are processing our PL applications under Section 10A(2)(b) of the Mines & Minerals (Development & Regulation) Act, 1957 (MMDR). DESPL is closely monitoring the movement of the files at the DMG and is seeking a speedy processing of the PL applications pending with DMG including our Mangalgatti and Bhavihal applications.

By way of background, it may be noted that DESPL had lodged 8 PL applications over the Hutti Belt prospects located in the State of Karnataka. These applications were lodged after conducting reconnaissance operations under a granted Reconnaissance Permit (RP No. 29 dated January 23, 2003)

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

It has been our experience when following up on the Ganajur ML application with the relevant government authorities that no particular system or timelines have been followed by the authorities in processing this application. Further, it has also been our experience that their website updations do not reflect the correct status of the file.

Whilst we shall continue to monitor the file movement and do everything possible to facilitate the grant of the LOI, we are not privy to internal memos / workings of the concerned officials processing our application. The Company can therefore issue updates in the matter and will do so promptly only upon receiving official communication / updations from the concerned Government authorities.

Shareholders are accordingly requested to await such updates to the market which will be made as soon as the Company receives official communication on the matter and not seek or expect updates individually by writing or calling the Company.

Based on the list of approvals noted below, particularly the opinion of the Law Department of the Government of Karnataka and other legal opinions obtained by the company including one from a retired Supreme Court Judge, and approval by the Ministry of Mines, Delhi stating that the Central Government's approval is under Section 10A(2)(b) of MMDR and advising the State Government to get the ML executed in accordance with law at the earliest and expedite the clearances & approvals for starting the mining operation, the Company is of the opinion that it stands on a strong legal footing in terms of issuance of the LoI



For the benefit of our shareholders, we summarise below a list of approvals received to date from the concerned authorities with regard to the Ganajur Mining License Application:

November, 2010	ML grant recommended by the State Government to the Ministry of Mines, Government of India (Central Government) for its prior approval in terms of Mines & Minerals (Development & Regulation) Act, 1957 (MMDR)
April, 2012	The SHLCC approved the allotment of 200 acres of land for the Ganajur Gold Mining Project and Ore Processing Plant
April, 2015	The Indian Bureau of Mines (IBM) submitted a detailed and positive report with regard to mineralization and UNFC classification in response to the clarification sought by the Central Government. In its report, IBM classified the gold ore reserve under UNFC 121 (Probable Mineral Reserve) and stated that an optimal and scientific mining plan can be prepared for the Ganajur ML area
July, 2015	After processing at multiple levels and exchange of correspondence between the Central Government and the State Government & IBM, the Central Government accorded its prior approval for grant of ML
April, 2016	DESPL obtained Terms of Reference (TOR) from the Ministry of Environment and Forests, Government of India for obtaining Environmental clearance for the proposed 1000 tonnes per day processing plant
February, 2017	Central Government clarified that their prior approval granted during July 2015 was under Section 10A(2)(b) introduced into MMDR by the MMDR Amendment Act, 2015 w.e.f. January 12, 2015. In its earlier approval dated July 24, 2015 the Central Government had inadvertently noted that its approval was under Section 5(1) of MMDR. As noted above, the Central Government advised the State Government to get the ML executed in accordance with law at the earliest and to expedite the clearances & approvals for starting the mining operation
August, 2017	DESPL's application for allotment and acquisition of additional area of 55 acres through KIADB was approved by the State Level Single Window Clearance Committee on August 9, 2017
October, 2017	C & I referred the file to Law Department, Government of Karnataka for an opinion on compliance of the file with MMDR
April 23, 2018	Law Department forwarded its positive opinion to C & I and advised C & I to process the ML application

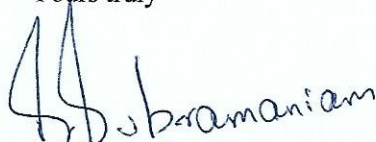
Ganajur Gold Project – Progress made so far on creation of infrastructure

We also present the progress made so far with regard to the infrastructure and related activities in the Ganajur Gold Project:

Land Acquisition	We have paid 40% of the land acquisition cost (Rs. 6.82 crore) on April 23, 2018 as advance for the 200 acres of land.
	Our application was for allotment of additional area of 55 acres was favourably considered by the Land Audit Committee and the State Level Single Window Clearance Committee (SLSWCC) on July 28, 2017 and approved vide their Order No CI 146 SPI 2012M dated August 9, 2017.
	We submitted a letter to Karnataka Industrial Areas Development Board (KIADB) on December 6, 2017 for allotment of 55 acres of land and KIADB, Bangalore forwarded the application to their Davangere Office for further action. NOCs from various departments have since been obtained.
Power	We had received approval from Karnataka Power Transmission Corporation Ltd (KPTCL) for tapping 5 MW power from Basavanakatti Sub Station located at a distance of 13.25 kms from the proposed plant site at Ganajur, Detailed survey report submitted by our Contractor has also been approved by KPTCL on November 22, 2017. KPTCL also approved to spare land to DESPL within the Basavanakatti Sub-station for construction of Terminal bay.
Water	DESPL had submitted a proposal to the Secretary, Water Resource Department, Government of Karnataka in Bangalore for pumping around 1.08 million cubic meters (Mm ³) of water per annum from Varad River at Kolar-Kalasuru Barrage. After field inspection by the concerned authorities, our file was forwarded to the Chief Engineer, Water Resources Development Organisation, Bangalore (WRDO), who after going through the same, forwarded it to the Secretary, Irrigation Department, Government of Karnataka for final approval.
Payment of Advance towards land acquisition	At the request of the farmers who own the lands covered under the Mining Lease (ML) area of 72 acres, DESPL paid Rs 40000/- (Forty Thousand) per acre to them as advance in April 2018. DESPL will deduct the said amount from the compensation money that it will deposit with KIADB.
Annual Lease/Crop compensation	We have also been paying annual crop compensation to the farmers who own the lands covered under the ML area for several years. This year as per the request of the farmers the lease amount was enhanced from Rs 6000 per acre to Rs 8000 per acre. From this year onwards, we have also paid crop compensation to farmers who own the lands falling under the proposed processing plant area of 128 acres. Thus we have paid crop compensation for 200 acres of land which fall under Phase 1 of land acquisition.

Whilst awaiting the issuance of LOI, the Company has also been actively pursuing additional strategies and interviewing suitable personnel to consolidate its future growth and will keep shareholders informed as developments occur.

Yours truly



S. Subramaniam
Company Secretary