DECCAN GOLD
MINES LIMITED
(CIN : L51900MH1984PLC034662)
Corporate & Correspondence Address
No.1285, 5th Main Road, 7th Sector HSR Layout, Bengaluru-560102 Tel : +91 80 67155700 Fax : +91 80 67155701 Email : info@deccangoldmines.com Web : www.deccangoldmines.com

May 10, 2021

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

Dear Sirs

Sub:	Update on company operations

We write to present the following update on company operations.

(1) Acquisition of significant stake (49%) in Geomysore Services (India) Private Limited ("GMSI") through a share swap arrangement:

1.1 Shareholders will recall that Deccan Gold Mines Limited ("DGML") and GMSI have been in discussions for quite some time regarding acquisition of a significant stake by DGML in GMSI. GMSI has an executed gold mining license at Jonnagiri in Andhra Pradesh, details of which were provided in our update made on May 29, 2020.

1.2 We are pleased to report that discussions amongst the key shareholders of GMSI were recently concluded that, subject to final valuations and swap ratios DGML will acquire a 49% stake in the company. GMSI's largest shareholder, Thriveni Earth Movers Private Limited ("TEMPL") will retain the rights to a minimum of 51% stake in GMSI on the basis of securing the project finance for the development of the Jonnagiri Gold Project noted above.

1.3 Advantages of acquiring 49% stake in GMSI:

- Significant equity participation in a gold project with potential to get into revenue stream within the next 2 years benefitting DGML shareholders
- Enhance the Company's fund raising abilities.
- Potential to add further Gold Projects into the portfolio
- Consolidating the strengths of both the Companies under one umbrella (both in terms of Personnel & Projects)

1.4 In accordance with SEBI guidelines on Preferential Issue, any valuation and swap ratio under a share swap arrangement needs to be on 'fair value' basis and the price at which DGML shares are required to be issued will accordingly be determined on the 'relevant date'. 'Relevant date' will be the date which is thirty days prior to the date on which the approval of DGML shareholders (after its review / approval by the DGML Board) is sought for issue of shares to GMSI shareholders under the share swap arrangement.

1.5 As part of the transaction, DGML shareholders would be presented with a detailed **information memorandum** giving full details of the transaction while seeking their approval for issue of shares and the transaction will be subject to such regulatory / statutory approvals as may be required in this regard.

1.6 We are working on the necessary documentation and other procedural requirements with regard to the share swap process in consultation with our Merchant Banker and shall update our shareholders of further developments in this regard.

DECCAN GOLD MINES LTD.

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(2) <u>Ganajur Mining Lease (ML) application of DGML's wholly owned subsidiary viz., Deccan Exploration Services Private Limited (DESPL):</u>

2.1 The Ministry of Mines, Government of India is yet to address the Judgment dated March 12, 2021 delivered by the High Court of Karnataka with regard to Ganajur ML (for background details, shareholders may refer to our Updates made during March & April, 2021) because of the present situation in Delhi due to Covid-19 pandemic and lock-down.

2.2 We are interacting with the Ministry of Mines officials in Delhi in this regard and also plan to meet the concerned officials once the situation improves and the present lock-down is lifted.

(3) <u>North Hutti Block Prospecting Licence (PL) applications of DESPL:</u>

Whilst we have been able to contact the concerned officials via telephone, it may be noted that Karnataka is presently under lock-down and restrictions have been imposed for visiting Government offices due to the Covid-19 pandemic situation. By way of background, we had informed our shareholders via a detailed Update on the subject on April 12, 2021 that our North Hutti PL applications have been forwarded by the DMG, post review by the Technical Committee with favourable responses on mineralisation within the areas covered under the PL applications, to the Commerce & Industries Department, Government of Karnataka for further processing

(4) <u>Tanzanian Projects:</u>

4.1 As our shareholders are aware, 5 Prospecting Licences (PLs) for gold were granted to Deccan Gold (Tanzania) Private Limited ("DGTPL" - subsidiary of DGML) during February, 2021.

4.2 A preliminary field visit was undertaken by our Senior Geologist during March, 2021 over the area covered under the PLs following which now DGTPL plans to undertake systematic and scientific exploration in the aforesaid 5 PL blocks in order to examine and establish mineable gold deposits. This work program will be undertaken in phases and DGTPL has now finalised a phase 1 work program. This phase 1 work program involves:

(a) Detailed literature survey, study of historical data and collection of information from the Mining Department for the PML area.
(b) Study of ASTER and Landsat imageries to locate favorable zones and structures controlling gold mineralization.
(c) Topographic survey and establishment of control points.
(d) Ground checking of the Aeromagnetic map.
(e) Prospect scale geological map for each of the in each PL block. Trenching across the strike of the geological formation and expose all possible mineralized zones.
(f) Ground magnetic survey: As discussed gold mineralization is controlled by geological structures as in the case of typical lode gold, mesothermalgold deposits. Detailed ground magnetic survey to understand the structure and define the lithocontacts.
(g) Induced Polarization (IP) and Resistivity survey at different electrode spacing. Delineate possible mineralized zones from the chargeability anomalies obtained from IP survey.
(h) Regional and prospect scale geochemical survey and define prospective mineralized zones.
(i) Multi element chemical analysis including path finder elements.
(j) Carry out bench scale metallurgical studies to understand recovery, ore chemistry and develop a preliminary flow sheet.
(k) Identify drill targets.
(l) Preliminary RC and Diamond Core drilling.

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4.3 The budgetary estimate for the phase 1 work program & working capital for Tanzania as detailed above will be around $ 1 m / INR 7.50 crore (approx) which will be spent progressively depending upon the results obtained at different stages of the exploration program.

4.4 If resources are proven, DGTPL will apply for Mining Licence within two years and commence exploratory mining followed by commercial and sustainable mining thereafter. The Capex requirements for Tanzanian Projects will be determined once DGTPL gets to the mining stage.

(5) Fund raising:

5.1 DGML plans to raise funds of up to Rs. 50 crore (in one or more tranches) and the funds are sought to be utilised as under:

Sl. No.	Purpose	Amount (Rs in crore)
1	Investment into GMSI	30.00
2	Development of Tanzanian Projects	7.50
3	Exploration expenses (subject to prospecting licences being granted in India)	2.50
4	Working Capital	10.00
	TOTAL	50.00

5.2 We shall update the market on raising funds for our Ganajur Project development post clarity on the Mining Lease application.

(6) Shifting of Corporate Office:

6.1 DGML has moved to a new corporate office in Bangalore at the following address:

Deccan Gold Mines Limited
No. 1285, 5th Main, 7th Sector,
HSR Layout, Bengaluru 560102, Karnataka, India

6.2 Telephone connections are in the process of being provided for the new office which has been delayed due to the Covid-19 pandemic and we shall advise the same upon completion of the process by the service provider.

For kind information

S. Subramaniam

DECCAN GOLD MINES LTD.

S. Subramaniam
Company Secretary & Compliance Officer
ACS No 12110

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