



**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 14, 2021

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

Dear Sirs

Sub:	Ganajur Mining Lease (ML) of our wholly owned subsidiary Deccan Exploration Services Private Limited (DESPL) – Karnataka High Court Judgment dated 12.03.2021 – issue of show cause notice by Ministry of Mines, Government of India
------	--

1. As shareholders are aware, the Hon'ble High Court of Karnataka vide its Judgment dated 12.03.2021 had granted 3 months' time to the Ministry of Mines, Government of India (Central Government) to initiate action, if any, with regard to the prior approval granted by them for Ganajur ML of DESPL and directing them to give an opportunity of being heard via a 'Show Cause Notice' to DESPL prior to taking any action.
2. We write to intimate that DESPL has received an email yesterday (13.05.2021) from the Central Government attaching a 'Show Cause Notice' as directed by the High Court of Karnataka with regard to the Ganajur ML of DESPL. The Central Government's notice states that following the principles of natural justice and in compliance of the Judgement dated 12/03/2021 passed by the Hon'ble High Court of Karnataka in Writ Petition No 14209/2020, DESPL is being granted an opportunity to present a case in its favour with relevant documents as to why their prior approvals for Ganajur ML should not be withdrawn or rejected. In this respect, DESPL has been directed to attend a hearing on May 21, 2021 at 3.00 pm through VC.
3. Particular mention has been made in the Notice with regard to compliance with Sections 4(2) and 5(2) of MMDR Act, 1957 as raised by the Government of Karnataka and Indian Bureau of Mines (IBM) in their correspondence with the Central Government and accordingly action is being proposed under Section 19 of the said Act. Our comments with respect to these Sections are noted below.
 - Section 4(2) states that no ML shall be granted otherwise than in accordance with the provisions of MMDR and the Rules made there under.
 - *Our comments: It may be noted that our Ganajur ML was considered and recommended by the Government of Karnataka after a thorough scrutiny and satisfying themselves about compliance with the provisions of the MMDR and Rules made there under as were applicable at the time of recommendation. Further, the Central Government examined the recommendation of the Government of Karnataka and after getting necessary clarifications from them and the IBM granted its prior approval.*
 - Section 5(2) states that no ML shall be granted by the State Government unless there is evidence to show the existence of mineral contents in the area for which the application for ML has been made in accordance with such parameters as may be prescribed for the purpose by the Central Government.

Registered Office

Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Tel : +91 022 033040797 Fax : +91 022 022 33040779 Email : info@deccangoldmines.com Web : www.deccangoldmines.com





**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

Our comments: DESPL had discovered the Ganajur Gold deposit during the Reconnaissance Permit (RP) stage itself by adopting multi-parametric exploration methods including drilling. A resource of 1.53 m tonnes was reported in (i) 6th Six Monthly Report dated 17.02.2006 submitted to Department of Mines & Geology, Karnataka (DMG); (ii) 3rd Annual Report dated 17.02.2006 submitted to DMG & IBM; and (iii) Final Technical Report dated 14.04.2006 submitted to DMG & IBM. Subsequent reports were also filed pursuant to additional work carried out during the prospecting licence stage. Further, IBM also certified the existence of mineralisation as per UNFC Guidelines.

It is pertinent to mention that the State Government processed the Ganajur ML application of DESPL only after ascertaining establishment of gold mineralization as per Section 5(2)(a) of the MMDR Act 1957 and also after ascertaining that the ML application was valid under Section 11(1) of the MMDR Act (Pre amendment).

4. Section 19 of MMDR to states that any ML granted, renewed or acquired in contravention of the provisions of this Act or any rules or orders made there under shall be void and of no effect. The **explanation** to this Section states that where a person has acquired more than one mining lease and the aggregate area covered by such leases exceeds the maximum area permissible under section 6, only that ML the acquisition of which resulted in such maximum area being exceeded shall be deemed to be void.
 - *Our comments: Whilst Section 6 provides for a maximum limit of 10 sq kms with regard to acquisition of MLs in respect of any mineral in a State, our Ganajur ML covers only an area of 0.29 sq kms over which a ML is yet to be granted. Based on our reading, Section 19 cannot be invoked in our case as it deals with cases where MLs are acquired in excess of the maximum limits prescribed under Section 6 noted above*
5. DESPL has sought deferral of the hearing and requested that a future date for hearing be set after the present Covid-19 lock down ends in Bangalore as we are currently unable to access physical files / relevant documents relating to Ganajur ML due to the lock down.

We shall update our shareholders of further developments in this regard.

Yours truly

S. Subramaniam



Subramaniam S
Company Secretary & Compliance Officer
ACS No 12110

Registered Office

Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.
Tel : +91 022 033040797 Fax : +91 022 022 33040779 Email : info@deccangoldmines.com Web : www.deccangoldmines.com