DECCAN GOLD
MINES LIMITED
(CIN : L51900MH1984PLC034662)
Corporate Office & Correspondence Address
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August 13, 2021

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

(BSE Scrip Code: 512068)

Dear Sirs

Sub: Update on company operations

We write to present an Update on company operations as under:

1. **Acquisition of up to 49% stake in Geomysore Services (India) Private Limited (GMSI):**

1.1 As noted in our last Update in the matter made on July 18, 2021, we have entered into Agreement (s) with the key corporate shareholders of GMSI viz., Australian Indian Resources Limited, Australia; Lionsgold India Holdings Limited, Mauritius; and Sun Group Enterprises Private Limited, India to acquire their stake in that Company. Further, we had stated that we are working on the structuring of the transaction and processes / steps involved for the Company to acquire up to 49% stake in GMSI.

1.2 Over this period and even earlier, we have been in continuous discussions with our merchant bankers, lawyers and external consultants to map out the best route for the transaction bearing in mind that the key shareholders of GMSI as noted above are located in 3 different jurisdictions and with each the agreement to takeover their equity in GMSI needs to be structured differently.

1.3 Our merchant banker and lawyers have identified a couple of routes to undertake the transaction but have suggested that it would be useful and safer to obtain further guidance from authorities concerned prior to embarking on the transaction to ensure that we mitigate any risk to the extent possible. It is not uncommon for bankers / lawyers to seek such guidance on transactions of this nature.

1.4 Irrespective of the route chosen, prior approval of the following regulatory authorities, the Reserve Bank of India (RBI), Securities Exchange Board of India and BSE will be required. Particularly, prior approval of the RBI under applicable FEMA regulations would be crucial as the transaction involves swap of shares of an Indian Company with foreign companies.

1.5 Accordingly, it is only upon receipt of such advice / guidance from those authorities, particularly RBI, that our merchant bankers / lawyers will evaluate the same and finalise the best route to undertake the transaction.

1.6 All parties to the transaction are keen to embark on it, but in keeping with good corporate practices, will do so post receiving appropriate guidance from the authorities noted above which should be forthcoming shortly.

1.7 We will keep our shareholders updated on the progress as further developments occur in the matter.

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2. North Hutti Block Prospecting Licence (PL) applications of our wholly owned subsidiary – final hearing held on August 11, 2021:

2.1 In continuation of our Update made on July 15, 2021 we write to intimate that we attended the hearing held on 11/08/2021 at 4.00 pm in person before the Secretary, Commerce & Industries Department, Government of Karnataka (C & I) with regard to North Block PL applications of our wholly owned subsidiary viz., Deccan Exploration Services Private Limited (DESPL). Senior officials of the Department of Mines and Geology, Government of Karnataka (DMG) were also present.

2.2 At the outset, we submitted that we had submitted a para-wise rejoinder to C & I's Show Cause-cum Hearing Notice with regard to DESPL's North Hutti Block PL applications and highlighted the following points:

a) Our North Hutti Block PL applications are in compliance with the applicable MMDR Act and the Rules made thereunder and DESPL had not received any notice pointing out any discrepancy in the said applications since their lodgement till the date of issue of C & I's Show Cause Notice. We had carried out Reconnaissance Operations under a Reconnaissance Permit (RP) and subsequently lodged PL applications.

b) These PL applications have been kept pending since 2003 / 2004. The proposal of the State Government of 2008 to reserve the PL blocks applied for by us in favour of its own PSU was set aside finally by the Hon'ble Supreme Court vide its Judgment dated 08/05/2018. Further, vide this Judgment, the State Government was directed to consider the case of DESPL for grant of PLs in accordance with the provisions of the MMDR Act as they stood amended in the year 2015.

c) However, the State Government chose not to process the PL applications and we had to take the matter once again before the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its Judgment dated December 3, 2020 directed the State Government to decide on our PL applications within a period of 6 months.

d) Had these applications been processed and granted immediately after the Hon'ble Supreme Court Judgment dated May 8, 2018 substantial development would have been achieved in development of these Projects. We have been wrongfully deprived of the benefits that have accrued to us by the aforesaid Judgment of Hon'ble Supreme Court.

e) The State Government's stand that MMDR Amendment Act, 2021 has been passed w.e.f. 28/03/2021 and these PL applications cannot now be processed is unfair and unjust as had the PL applications been processed when directed by the Hon'ble Supreme Court to do so, the MMDR Amendment Act 2021 would not have applied to our applications.

2.3 Upon being specifically queried by the Secretary, C & I, we informed that we have initiated action to file a Writ Petition challenging the amendments made to Section 10A(2)(b) vide the MMDR Amendment Act, 2021 and the 'Speaking Order' dated 16/07/2021 of the Central Government with regard to our Ganajur ML application giving reasons therefor.

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2.4 In conclusion, we requested the Secretary, C & I to either:

a) Recommend our PL applications for grant to the Central Government particularly due to the fact that the Central Government was also a petitioner who lodged Special Leave Petition along with DESPL that resulted in the Supreme Court Judgment dated May 8, 2018 noted above; or

b) Accord us a 'Right of First Refusal' to obtain Composite Licence (PL-cum ML).

2.5 The Secretary, C & I informed us that he will consider our submissions and thereafter posted the matter for orders.

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

Yours truly

S. Subramaniam

Subramaniam S
Company Secretary
ACS No 12110

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