

UPDATE ON PROJECTS / OPERATIONS

Bangalore
February 15, 2016

Deccan Gold Mines Limited ("DGML") (BSE Scrip Code: 512068) is pleased to announce the following updates regarding its projects / operations.

Drilling at Ganajur – Karajgi Block:

The drilling program that commenced on December 23, 2015 in Ganajur-Karajgi Block has progressed smoothly. So far we have completed a total of 1200 metres of drilling in 3 prospects namely Ganajur Main, Ganajur SE and Karajgi Hut.

As already reported the objectives of the current drilling program are to find out new resources in the satellite prospects apart from further exploring the flagship Ganajur Main Gold deposit. Initial results that we have received so far indicate significant gold values in Karajgi Hut prospect. This is very encouraging and we plan to undertake more drilling in this prospect. Apart from this we have received encouraging results from Ganajur Main Prospect as well. We have also noticed good zones of mineralization in the drill core from drill holes of Ganajur Main and Ganajur South prospects for which we are awaiting analytical results. The 2nd rig has also been mobilized and we are waiting for the harvesting of standing crops to deploy this drill rig.

HIGHLIGHTS OF THE DRILL RESULTS

DRILL HOLE NO	FROM (M)	TO (M)	WIDTH (M)	Au GRADE G/T	HIGHEST Au value G/T	PROSPECT NAME
HPC-01	22.7	26.5	3.8	3.4	6.73	KARAJGI HUT
HPC-02	48.2	52	3.8	1.75	3.9	KARAJGI HUT
HPC-03	28.2	30	1.8	4.75	8.39	KARAJGI HUT
GMC-44	15.6	17.1	1.5	2.78	4.1	GANAJUR MAIN
GMC-46	69.5	70.55	1.05	5.54	10.78	GANAJUR MAIN
GMC-47	29	33	4	2.68	5.8	GANAJUR MAIN
GMC-51	36.5	42.5	6	2.12	8.9	GANAJUR MAIN

We have appointed DMT Consulting Pvt Ltd, an international geological consulting firm, to study the previous geophysical IP and Magnetic Survey data along with the geological information to prepare a detailed interpretation report for delineation of prominent anomalous zones as probable locations for gold mineralization. DMT have submitted their report which revealed very interesting information pertaining to the Ganajur Karajgi Block. Significant IP



anomalies centering around Ganajur South, Ganajur SE, Karajgi Main, Hut and Ganajur Main prospects have been noticed. They have proposed additional 20 line kms of IP survey to fill the gaps and to probe the depth extension of the Ganajur Main ore body. We are very excited about these findings and would be commencing IP survey within 2 weeks. Based on these results we are planning to undertake deep drilling to test the deep seated anomalies below the Ganajur Main ore body.

Ganajur Mining Lease (ML) and Mangalagatti Prospecting Licence (PL) Applications:

The State Government of Karnataka has introduced a new system of compliance with additional check lists for all mineral concession applications awaiting approval and we have been informed by the authorities that issue of Grant Order for Ganajur ML and execution of Mangalagatti PL would be approved post compliance with the additional checklists. It is our belief that the process would be completed shortly.

The Company is monitoring developments in this regard very closely and will keep shareholders updated.

Shareholders may be reminded that both the Ganajur ML and Mangalagatti PL applications were recommended by the State Government of Karnataka to the Ministry of Mines, Government of India (MoM) after going through the merits of the applications under various sections and rules. MoM subsequently approved their recommendations and forwarded the files back to the State Government for issue of Ganajur ML grant notification / Mangalagatti PL Deed execution.

Mining Plan and Process Design:

Vern Langdale, our newly appointed Mining Engineer, is working in close association with our technical team towards completion of Mining Plan for the Ganajur gold deposit so that the same will be submitted to the IBM post receipt of the Grant Order noted above for Ganajur ML.

John Fodor, our newly appointed Process Design Engineer, in close association with our technical team, has been interacting with ALS Global, a metallurgical laboratory based in Perth, Western Australia regarding metallurgical test work for the Ganajur Main ore body to understand the characteristics of the ore. This test work will ultimately determine the flow sheet for the processing of the ore as well as help in finalization of the plant facilities.

Both the Mining and Process Engineers will be arriving in Bangalore next week to undertake further studies of the Ganajur Gold Project.



Submission of fresh Terms of Reference (ToR) application for processing plant:

The Company has lodged a fresh ToR application for Processing Plant to the Ministry of Environment, Government of India on January 20, 2016 for a revised capacity of 1000 tpd. The Company has retained BS Envitech, a Hyderabad-based environmental consultancy firm to undertake the baseline environmental studies and prepare Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) for both the processing plant and the mine. We will also be lodging a fresh ToR application for the Mine as soon as we receive the Grant Notification from the State Government.

BS Envitech will also be assisting the Company in addressing environmental related issues. We have also appointed a highly experienced and reputable Hydrogeologist / Hydrologist to undertake comprehensive hydrological studies in and around the project area.

Feasibility Studies:

Feasibility studies of the Ganajur Gold Project which would involve commercial and technical feasibility of mining and producing gold have commenced. The study will include estimation of ore reserves, mine planning, optimization and scheduling, geotechnical investigations, study of ground water and surface water resources, description of proposed processing (including plant construction and infrastructure) tailing / waste disposal and management, economic evaluation including an estimate of the capital expenditure requirements and operating costs, taxation, legal and infrastructure issues and a detailed sensitivity analysis of outcomes for various throughputs.

DGML has initiated work in many of the above mentioned areas internally which will then be reviewed by an independent consulting Group to take it forward. Our discussions with the independent consulting group have indicated that the feasibility studies could be completed in 9 months' time. This will be followed by a detailed engineering plan for the processing plant and the mine. With the appointment of new Mining Engineer and Process Engineer, the Company is equipped to complete the feasibility studies in a time bound manner so that our plan of commercial production by December, 2017 is achieved.

