

## Ganajur Gold Project- Updates on Feasibility studies & other developments

Bangalore, India

September 23, 2016

Deccan Gold Mines Limited – “DGML” (BSE Scrip Code: 512068) is pleased to announce the updated Mineral Resource Estimates submitted by Snowden Mining Industry Consultants (Snowden) as part of the ongoing Feasibility Studies for the flagship Ganajur Main Gold Deposit of its subsidiary Deccan Exploration Services Private Limited (DESPL). A copy of Snowden’s Report in its entirety is available on

As you will note from table 1 below, we are happy to state that our continued and sustained exploration efforts have resulted in upgrading the bulk of the resource from an earlier Indicated to a Measured category. The Mineral Resource estimate was classified and reported in accordance with the 2012 JORC Code guidelines.

The total Measured and Indicated Mineral Resource at a 0.8 g/t Au cut-off grade, has been estimated as 2.70 million tonnes at an Au grade of 3.40 g/t. In other words 92% of the Mineral Resource is now classified as Measured Resources (77%) and Indicated Resources (15%) which is considered as significant for the development of the Ganajur project. As per the latest resource estimate there is an increase of about 0.15 million tonnes (6%) of Mineral Resource under the combined Measured and Indicated categories and a slight drop in the average grade (0.27 g/t Au) as compared to the Indicated Resource reported in 2012 by SRK under scoping studies.

The overall gold Measured and Indicated Mineral Resource is 300 thousand ounces which is again considered very positive. Further, there is an increase in the Inferred Resource of about 9,000 ounces of Au as compared to the scoping study resource estimates.

Snowden has expressed its satisfaction at the overall QAQC and procedures adopted by DESPL.

The summary of the resource statement is furnished in Table 1.

**Table 1 - Ganajur Mineral Resource as at August 2016 reported above a 0.8 g/t Au cut-off**

Classification	Deposit	Tonnes (kt)	Au (g/t)
Measured	Oxide	580	2.8
	Sulphide	1,700	4.0
	Total Measured	2,300	3.7
Indicated	Oxide	130	1.9
	Sulphide	320	2.1
	Total Indicated	450	2.1
<b>Measured + Indicated</b>	<b>Total Measured and Indicated</b>	<b>2,700</b>	<b>3.4</b>
Inferred	Oxide	100	2.3
	Sulphide	110	2.3
	Total Inferred	210	2.3

*Note: Small discrepancies may occur due to rounding*



## **COMPETENT PERSON'S STATEMENT**

*The information in this report that relates to the Ganajur Mineral Resource estimate is based on information compiled by Lynn Olssen who is a Chartered Professional (Geology) and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM(CP)) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lynn Olssen is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

### **Summary from Snowden of work done till September 11, 2016**

Milestone Name	% Complete
Resource Geology	78%
Surface Water	51%
Groundwater	44%
Geotechnical Engineering	
- Pit	76%
- Ex-pit	34%
Mine Planning	21%
Tailings	28%
Geochemistry	45%
Environmental	55%
	46%
Project Management	
Total	39%

### **Progress in Feasibility Studies:**

We are also pleased to inform our shareholders that the ongoing feasibility studies are progressing very well and the projected deadlines for completion of the studies are well under control.

**Hydrology:** Our consultants, EI Technologies, Bangalore, visited the Project and collected the required data to study and report on surface water design criteria, hydrological modelling, preparation of flood map and water balance, water quality analysis and water management.

### **Hydrogeology**

Our consultant, Mr M.C.Reddy has completed detailed hydro-geological studies as per the scope of work defined by Snowden that included, pumping tests, ground water potential, quality and aquifer characteristics. The draft hydrogeological report has been submitted and it is being reviewed by Snowden.





**Geo-Technical Engineering:** As advised by Snowden, DESPL has completed 4 drill holes in the mine area and 3 drill holes in the processing plant area for geotechnical engineering studies. We have also excavated 18 pits in the proposed plant and tailings facility and the samples have been sent to the lab for testing.

The purpose of geotechnical drilling is to assist with determining the mining pit wall stability and then refining the pit design accordingly. The test work proposed in the processing plant area will help in designing the tailings dam, foundation for the plant and the water storage area.

Our consultant, Sarathy Geotech & Engineering Services Private Limited, Bangalore (SGES) appointed to undertake detailed geotechnical studies for the open pit mine, processing plant and Tailings Storage Facility (TSF), have already completed test work of the soil profile in the mine pit area and the rock testing is underway. It may be noted that the test programme is carried out in consultation with Prime Resources and Snowden. SGES will be submitting a draft report by the 1<sup>st</sup> week of October.

**Mine Planning:** The mining engineers of Snowden are currently completing mine pit optimization studies based on the latest resource estimation.

**Mill Tailings:** Prime Resources (Pty) Ltd., from South Africa are preparing the TSF design for the tailing dump in consultation with DESPL team and other experts.

**Geochemistry:** The geochemistry will be addressing the potential Acid Rock Drainage (ARD) and its environmental impact assessment. We have identified samples for analysis in consultation with Snowden and Prime.

**Process and Metallurgy:** Presently the test work programme is 75% complete with further refinement on gold recovery optimization, settling tests and cyanide destruction test work remaining to be completed. Based on the test results an optimum flow sheet consisting of the following circuits - three stage crushing, single stage ball milling, flotation with ultrafine grinding (UFG) of the concentrates, carbon in pulp cyanidation of the flotation concentrates, elution, cyanide destruction and tailing disposal is being considered. Further diagnostic testing of the ore is also being conducted by AMTEL, a reputed lab in Canada.

Based on the current test work data, major equipment sizing is being evaluated for the crushing, grinding and flotation circuits. We have simultaneously received quotations from engineering companies for carrying out engineering design for the processing plant.

#### **Other Developments:**

##### **Letter of Intent:**

DESPL's Ganajur MI. File is under processing at the DMG's Office, State Government of Karnataka for compliance with their internal checklists. We are closely monitoring the progress of the file and expect the Letter of Intent to be issued upon completion of due formalities.



**Hutti SLPs:**

Our Lawyers are in touch with the Supreme Court Registry and are also considering mentioning the matter before the Hon'ble Supreme Court with a request for hearing before an alternative Bench. We shall keep the stakeholders updated of further developments in this regard.

As mentioned in our announcement dated August 3, 2016, our matter was part heard on March 29, 2016 by a Bench comprising two Judges and one of those Judges was transferred to a Constitution Bench of the Supreme Court. Therefore, further hearing on the matter listed for July 21, 2016 was deferred.

