



**DECCAN GOLD  
MINES LIMITED**

(CIN : L51900MH1984PLC034662 )

**Corporate & Correspondence Address**

No. 5, 19th Main Road, 4th Sector HSR Layout, Bengaluru-560102 Tel : +91 80 67155700 Fax : +91 80 67155701 Email : info@deccangoldmines.com Web : www.deccangoldmines.com

July 19, 2017

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's operations**

We present hereunder an update on the Company's operations.

**(1) Ganajur Gold Project – Issue of Grant Notification Letter**

Our shareholders would be aware that the Ganajur ML file is under process at the Commerce & Industries Department, Government of Karnataka (C & I) after receipt of Department of Mines & Geology's (DMG's) reply on June 12, 2017. Since then, the file has been processed by various concerned officials in C & I including the Under Secretary. After his notings, the Under Secretary referred the file to the Deputy Secretary who in turn advised the file to be put up to the Deputy Director, Technical Cell for comments.

In the meanwhile, the Deccan Management met the Secretary, C & I and impressed upon him the multifarious benefits the Ganajur Gold Project would bring to Karnataka and the need to fast-track the issue of Grant Notification Letter by the State Government of Karnataka. The Secretary, C & I has assured us that steps would be taken to process the file at the earliest. Subsequent to our meeting, we understand that the Secretary, C & I convened a meeting of the concerned officials and advised them to process the file and forward it to him.

As noted in our last update, post clearance by the Secretary, C&I, the file would be forwarded to the Mines Minister for sign-off and issue of Grant Notification Letter.

By way of background information, it may be noted that the C & I received a letter dated February 7, 2017 from Ministry of Mines, Government of India (MoM), stating that its prior approval for Ganajur Mining Lease accorded vide its letter dated July 24, 2015 was under Section 10(A)(2)(b) of the Mines & Minerals (Development & Regulation) Act, 1957 ("MMDR") and advising the Karnataka Government to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations. Vide its letter dated March 20, 2017 the C & I forwarded the above noted MoM's letter to DMG seeking its comments thereon.

The DMG's reply letter dated June 9, 2017 was received at the C & I on June 12, 2017 as per information updated on the website of C & I.

We shall keep the shareholders updated of further developments in this regard.



**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

## **(2) Fund raising**

As indicated in our last update, the potential investors approached by the Company to facilitate funding for the development of Ganajur Gold Project were awaiting the release of the Feasibility Study (FS) Report so that they can complete their process of due diligence and make a decision on their investment.

The FS Report has been made available to these potential investors for their review.

The potential investors have reviewed details of other Projects of the Company / its subsidiary as well in the meanwhile.

It may be noted that PricewaterhouseCoopers, India (PwC) are advising the Company with regard to this transaction.

Indicative timelines for fund raising are as under:

Completion of due diligence by potential investors	July / August 2017
Negotiations / discussions with the potential investors	August / September 2017
Term Sheet sign-off	September / October, 2017

These timelines allow for:

- (a) issue of Grant Notification Letter for the Ganajur Gold Project by the Government of Karnataka;
- (b) possible resolution in respect of Hutti Civil Appeals presently being heard before the Hon'ble Supreme Court; and
- (c) discussions with multiple potential investors

with the objective of finalising the ultimate investor and obtaining the best possible valuation to take the transaction forward.

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

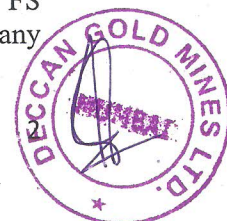
## **(3) Progress on Hutti Case Civil Appeals**

Post the reopening of the Hon'ble Supreme Court after summer vacation, our Senior Legal Counsel mentioned the matter before the Chief Justice of India on July 12, 2017 seeking a direction for early hearing in the matter. After hearing the request, the Chief Justice directed that the matter may be mentioned before the Bench before whom the matter was last listed i.e., (Justice Mr Madan Lokur and Justice Mr Deepak Gupta). Accordingly, our legal counsel are looking to mention the matter before the Bench at the first available opportunity.

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

## **(4) Completion of Feasibility Studies for the Ganajur Gold Project:**

In continuation of our release dated June 12, 2017, we are happy to announce that the entire FS Report has been completed and uploaded on the website of the Company ([www.deccangoldmines.com](http://www.deccangoldmines.com)). We encourage the shareholders to go through the same.





For the benefit of shareholders, we reproduce hereunder the key economic model headlines (before & after taxation) of the Ganajur Gold Project as reported in the FS indicating the robustness of the project.

**Economic model headline results before taxation**

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	133.0
NPV <sub>5</sub>	USD M	91.6
IRR	%	39.1

**Economic model headline results after taxation**

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	93.1
NPV <sub>5</sub>	USD M	61.4
IRR	%	29.6

**(5) Application for additional 55 acres of land for the Ganajur Gold Project:**

Shareholders will be aware that the State High Level Clearance Committee (SHLCC) had earlier approved acquisition of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant.

Post completion of the feasibility study prepared by Snowden which included a review of the the total land requirements for the Ganajur Project, the study recommended that other than the 200 acres applied for earlier, the following additional land will also be required:

- (i) Tailings dam - 39.92 acres
- (ii) Water storage dam - 2.52 acres
- (iii) Road diversion around mining lease - 4.54 acres
- (iv) Nala diversion - 4.42 acres
- (v) Widening of existing metalled road from mine pit to ROM pad - 3.60 acres

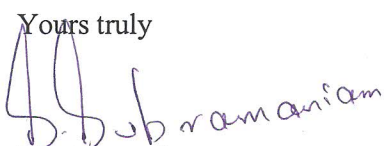
Accordingly, Deccan Exploration Services Private Limited (DESPL) made the application to the concerned authorities for approval to acquire an additional 55 acres of land. A hearing was held at the offices of Karnataka Udyog Mitra (KUM) on July 13, 2017 to consider DESPL's application for the additional land. The Company management were called upon to attend the hearing which went quite well. A decision on our application is now awaited.

**(6) Investor Relations (IR) Call**

The Company will hold an IR Call on Tuesday, July 25, 2017. The timing of the IR Call and dial-in numbers are attached.

We request the BSE to take the update on record and oblige.

Yours truly



S. Subramaniam  
Company Secretary





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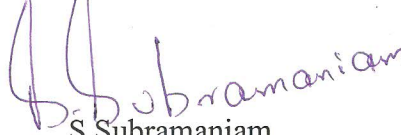
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## INVESTOR RELATIONS (IR) CALL

DAY	TUESDAY
DATE	JULY 25, 2017
TIME	11.00 A.M.
LINES OPEN FROM	10.50 A.M.
Conference Dial-In Numbers	
<i>Please dial the below dial-in numbers 10 minutes prior to the conference schedule to ensure that you are connected to your call in time.</i>	
Universal Access Number	+91 22 3960 0691
<i>The number listed above is universally accessible from all networks and all countries</i>	
India National Toll Free	1 800 120 1221 1 800 200 1221
Local Access Number	3940 3977  Available in – Ahmedabad, Bangalore, Chandigarh, Chennai, NCR (Delhi, Gurgaon, Noida), Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Pune
International Dial-in Number	Thailand: 001 8001 424 3444 Japan (Tokyo) : +81 3 4589 9421 Singapore: +65 3157 5746

For Deccan Gold Mines Limited



S. Subramaniam  
Company Secretary

Date : July 19, 2017

Place : Bangalore, India

