



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the next Annual General Meeting of Deccan Gold Mines Limited will be held on Friday, the 14th day of December, 2007 at 10.30 a.m. at The Plaza Room, Hotel Marine Plaza, 29, Marine Drive, Mumbai – 400 020:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2007 and the Audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Charles E.E. Devenish, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K.R. Krishnamurthy who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and authorize the Audit Committee / Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

5. **To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves of the reappointment by the Board of Directors (“the Board”) of Mr. Sandeep Lakhwara as Managing director on a salary of Rs. 1,00,000/- per month with effect from 1st May, 2007 for a period of 3 years with liberty to either party to terminate the appointment on three months notice in writing to the other, with further liberty to the Board of Directors to increase the salary and / or revise the terms of employment, from time to time in such manner as may be in the best interest of the Company subject however to the restrictions, if any, contained in the Companies Act, 1956, including Schedule XIII thereto, as amended up to date.

RESOLVED THAT where, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay the above salary to the Managing Director as and by way of minimum remuneration subject to the applicable provisions of Schedule XIII of the said Act:”

By order of the Board
for **DECCAN GOLD MINES LIMITED**

Place : Bangalore
Date : 5th November, 2007

S. Subramaniam
Company Secretary

REGISTERED OFFICE:

A-303, “Prathamesh”,
Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

NOTES:

1. The relative Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting is appended hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 11th December, 2007 to Friday, the 14th December, 2007 (both days inclusive).
5. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders / Proxies are requested to bring the same along with them.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5:

The shareholders may note that Mr. Sandeep Lakhwara was appointed as the Managing Director for a period of 3 years with effect from 1st May, 2004 upon the terms & conditions including remuneration as approved by the Board at its meeting held on 24th April, 2004 and approved by the shareholders at their AGM held on 24th September, 2004.

Pursuant to the recommendation of the Remuneration Committee, the Board of Directors of the Company, at their meeting held on 30th April, 2007, re-appointed Mr. Sandeep Lakhwara as the Managing Director of the Company for a period of 3 years with effect from 1st May, 2007 at a salary of Rs. 1,00,000/- per month and upon the other terms and conditions as contained in the resolution pertaining to Item No. 5 of the Notice convening the AGM.

The abstract of the terms and conditions of appointment furnished in the Resolution pertaining to Item No. 5 may be treated as the statement required to be sent to the shareholders pursuant to Section 303 (2) of the Companies Act, 1956.

Further, details regarding Mr. Sandeep Lakhwara, his expertise in specific functional areas, other Directorships / committee memberships, are furnished in the Annexure forming part of the Notice convening the AGM.

The Board recommends the resolution for approval of the shareholders.

Except Mr. Sandeep Lakhwara, none of the directors of the Company is concerned or interested in the said resolution.

By order of the Board
for **DECCAN GOLD MINES LIMITED**

Place : Bangalore
Date : 5th November, 2007

S. Subramaniam
Company Secretary

REGISTERED OFFICE:

A-303, "Prathamesh",
Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

**INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT
AT THE ANNUAL GENERAL MEETING**

(Pursuant to Clause 49 of the Listing Agreement)

1. Mr. CHARLES E. E. DEVENISH

A brief resume and expertise of Mr. Charles is given under the Section “Profile of Directors” forming part of the Annual Report.

Mr. Charles Devenish is a holds directorship / committee membership in the following Companies (other than Deccan Gold Mines Limited):

Further, in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Charles E.E. Devenish, a non-executive director, does not hold any shares in the Company as on 5th November, 2007 (either in his own name or held by / for other persons on a beneficial basis). However, Mr. Charles E.E. Devenish is a shareholder of Rama Mines (Mauritius) Limited which holds 3,36,47,996 equity shares in the Company as on 5th November, 2007 forming 57.57% of the paid-up equity capital of the Company.

Name of the Company	Designation	Committee Chairmanship	Committee Membership
Trident Mineral Resources Private Limited	Director	Nil	Nil
Premier Minerals Exploration Private Limited	Director	Nil	Nil

2. Mr. SANDEEPLAKHWARA

A brief resume and expertise of Mr. Sandeep Lakhwara is given under the section “Profile of Directors” forming part of the Annual Report.

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Sandeep Lakhwara does not hold Directorship or Committee Chairmanship or Membership in any other Company. Mr. Sandeep Lakhwara is a shareholder of Rama Mines (Mauritius) Limited which holds 3,36,47,996 equity shares in the Company as on 5th November, 2007 forming 57.57% of the paid-up equity capital of the Company.

3. Mr. K.R. KRISHNAMURTHY

A brief resume and expertise of Mr. Krishnamurthy is given under the Section “Profile of Directors” forming part of the Annual Report.

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Krishnamurthy does not hold Directorship or Committee Chairmanship or Membership in any other Company.

Further, in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. K.R. Krishnamurthy, a non-executive director, does not hold any shares in the Company as on 5th November, 2007 (either in his own name or held by / for other persons on a beneficial basis).



AUDITORS' REPORT

To

The Members

We have audited the attached Balance Sheet of **DECCAN GOLD MINES LIMITED**, as at 31st March 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 we enclose the annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (i) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of **Balance Sheet**, of the state of affairs of the Company as at **31st March, 2007**, and
 - ii. In the case of **Profit & Loss Account**, of the **LOSS** of the company for the year ended on that date, and
 - iii. In the case of **Cash Flow Statement**, of the Cash flows for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

(R. P. LADDHA)
PARTNER
Membership Number: 48195

Place : Mumbai
Dated : 25th October, 2007



RE : DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

(Referred to in paragraph 2 thereof)

1. In respect of Fixed Assets –
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were no sales of fixed assets during the year. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.
2. As the company has not purchased or sold any goods during the year, nor does the company have any opening stock, therefore the requirement to report the physical verification of stocks or maintenance of inventory records in our opinion, does not arise.
3. The company has not granted or taken any loans to/from companies, firms or other party covered in the register maintained u/s.301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. In our opinion and according to the information and explanations given to us, the company activities do not include purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
 - a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us since the company has not accepted any deposits from public within the meaning of section 58-A, 58AA or any other provision of the Act, the question of compliance with the provisions of section 58A, 58AA or any other provisions of the Act does not arise.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956.
9.
 - a) According to the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
 - b) According to information & explanation given there were no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess & other statutory dues which remained outstanding as at 31st March, 2007 for a period more than six months from the date they became payable.



10. The accumulated losses of the company are not more than 50% of its net worth as at 31st March 2007. The company has incurred a cash loss of Rs. 24,48,926 in the current financial year and Rs.25,94,570 in the financial year (immediately preceding financial year).
11. According to the records of the company, the company has not borrowed from financial institutions or banks or issued any debentures during the year, Hence in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture holders does not arise.
12. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi /mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, and debentures and other investments.
15. The company has not given guarantee in connection with loans taken by others from banks.
16. According to the records of the company, the Company has not taken any term loan. Hence, comments under the clause are not required.
17. According to the information and explanations given to us and, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act.
19. No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
20. The company has raised money by public issues during the period covered by our audit report. The end use of moneys raised by public issue as disclosed in the financial statements has been verified by us and found to be in order.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V. K. BESWAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

(R. P. LADDHA)
PARTNER
Membership Number: 48195

Place : Mumbai
Dated : 25th October, 2007



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

BALANCE SHEET AS AT 31st MARCH, 2007

	Schedule	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
A. SOURCES OF FUNDS:			
Share Capital	A	58,450.00	51,450.00
Monies pending Allotment		16,726.31	-
Reserves & Surplus	B	96,529.80	-
TOTAL		171,706.11	51,450.00
B. APPLICATIONS OF FUND:			
FIXED ASSETS:			
Gross Block	C	8,015.16	8,015.16
Less: Depreciation		4,661.24	3,267.27
Net Block		3,353.92	4,747.89
INVESTMENTS	D	86,350.00	100.00
CURRENT ASSETS, LOANS & ADVANCES	E		
Cash & Bank Balances		20,833.89	767.18
Loans & Advances		6,949.48	1,450.96
		27,783.37	2,218.14
Less: Current Liabilities & Provisions	F	2,306.39	4,358.40
NET CURRENT ASSETS		25,476.98	(2,140.26)
Misc. Expenditure (to the extent not written off or adjusted)	G	-	1,218.23
Pre-Operative Expenditure	H	37,897.88	32,808.41
		37,897.88	34,026.64
Profit & Loss Account		18,627.33	14,715.73
TOTAL		171,706.11	51,450.00

Significant Accounting Policies & Notes to the Accounts K

As per our report of even date,

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195Sandeep Lakhwara
Managing DirectorM. Ramakrishnan
DirectorPlace: Mumbai
Dated: 25th October, 2007K. R. Krishnamurthy
Director
Place: Bangalore
Dated: 25th October, 2007S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	Schedule	Year Ended 31.03.2007 (Rs. '000)	Year Ended 31.03.2006 (Rs. '000)
<u>INCOME</u>			
Operational Income	I	-	3,954.90
Interest on Term Deposit		4,503.49	169.63
		<u>4,503.49</u>	<u>4,124.53</u>
<u>EXPENDITURE</u>			
Administrative & Other Expenses	J	8,346.39	9,122.53
		<u>8,346.39</u>	<u>9,122.53</u>
Profit/(Loss) before Taxation		(3,842.90)	(4,998.00)
Less/(Add): Provision for Taxation (FBT)		68.70	19.00
Profit/(Loss) for the Year		<u>(3,911.60)</u>	<u>(5,017.00)</u>
Add: Balance brought forward		(14,715.73)	(9,698.73)
Balance transferred to Balance sheet		<u>(18,627.33)</u>	<u>(14,715.73)</u>
Basic EPS		(0.07)	(0.10)
Diluted EPS		(0.00)	(0.10)

Significant Accounting Policies & Notes to the Accounts K

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
 CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
 PARTNER
 M.No.48195

Sandeep Lakhwara
 Managing Director

M. Ramakrishnan
 Director

Place: Mumbai
 Dated: 25th October, 2007

K. R. Krishnamurthy
 Director

S. Subramaniam
 Company Secretary

Place: Bangalore
 Dated: 25th October, 2007



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2007

	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
10,00,00,000 (P.Y. 6,00,00,000) Equity Share of Rs.1/- each	100,000.00	60,000.00
	<u>100,000.00</u>	<u>60,000.00</u>
Issued, Subscribed and Paid up:		
5,84,50,000 (P.Y. 5,14,50,000) Equity Share of Rs.1/- each fully Paid up	58,450.00	51,450.00
	<u>58,450.00</u>	<u>51,450.00</u>
SCHEDULE 'B'		
RESERVES & SURPLUS		
Securities Premium	98,700.00	-
Less : Miscellaneous Expenditure (refer note no 11 of notes to accounts)	2,170.20	-
	<u>96,529.80</u>	<u>-</u>

SCHEDULE 'C'

FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Cost as at 01.04.06	Addition during the year	Total Cost as at 31.03.07	As at 01.04.06	For the Year	Upto 31.03.07	As at 31.03.07	As at 31.03.06
1.	COMPUTERS & PRINTER	70.78	-	70.78	44.22	10.62	54.84	15.94	26.57
2.	PLANT & MACHINERY	7,246.27	-	7,246.27	3,020.21	1,267.82	4,288.03	2,958.24	4,226.96
3.	VEHICLE	502.09	-	502.09	161.93	88.07	250.00	252.09	340.16
4.	OFFICE EQUIPMENTS	16.77	-	16.77	2.08	2.04	4.12	12.66	14.69
5.	FURNITURE & FIXTURES	179.25	-	179.24	38.84	25.41	64.25	114.99	140.40
TOTAL		8,015.16	-	8,015.16	3,267.28	1,393.96	4,661.24	3,353.92	4,747.88
PREVIOUS YEAR		8,005.03	10.13	8,015.16	1,286.68	1,980.59	3,267.27	4,747.88	-

SCHEDULE 'D'

INVESTMENTS

Share of Wholly owned subsidiary -

Indophil Resources Exploration Services (India) Pvt. Ltd.

10,000 (P.Y. 10,000) equity shares of Rs 10 each, fully Paid

ABN Amro Dual Advantage Fund

(86,25,000 (P.Y. Nil) units of Rs 10 each)

100.00	100.00
86,250.00	-
<u>86,350.00</u>	<u>100.00</u>



	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<u>SCHEDULE 'E'</u>		
CURRENT ASSETS, LOANS & ADVANCES:		
Current Assets:		
Cash on hand	60.15	29.13
Balance with Bank		
- Current Account	3,773.74	738.05
- Term Deposit	17,000.00	-
	20,833.89	767.18
Loans & Advances:		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	6,949.48	1,450.96
	6,949.48	1,450.96
<u>SCHEDULE 'F'</u>		
<u>CURRENT LIABILITIES:</u>		
Sundry Creditors	2,218.69	4,339.40
<u>PROVISIONS:</u>		
Provision for FBT	87.70	19.00
	2,306.39	4,358.40
<u>SCHEDULE 'G'</u>		
MISCELLANEOUS EXPENDITURE		
<i>Preliminary expenses</i>		
Opening balance	1,218.23	1,641.07
Less: 1/5th written off during the year	-	422.83
	1,218.23	1,218.23
Add : Other Expenses	951.96	-
	2,170.19	1,218.23
Less : Adjusted against Securities Premium Account (Refer Note No. 11 of notes to accounts)	2,170.19	-
	-	1,218.23
<u>SCHEDULE 'H'</u>		
<i>Pre-Operative expenses</i>		
Exploration expenses	37,897.88	32,808.41
	37,897.88	32,808.41



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Year Ended 31.03.2007 (Rs. '000)	Year Ended 31.03.2006 (Rs. '000)
<u>SCHEDULE 'I'</u>		
<u>OPERATIONAL INCOME</u>		
Drilling Income	-	4,358.30
Less : Service tax	-	403.40
	-	3,954.90
Interest	4,503.49	169.63
<u>SCHEDULE 'J'</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>		
Salaries & other benefits	1,730.60	1,602.56
Staff welfare	23.86	51.19
Books & Periodicals	15.28	5.81
Bank charges	6.76	6.45
Business Promotion expenses	13.10	33.40
Travelling & conveyance	394.76	82.31
Electricity charges	31.20	35.90
Membership & subscription	76.11	96.59
Office Maintenance	871.95	12.79
Postage, Telegram & Telephone	205.97	186.78
Rent, rate & taxes	1,216.05	798.84
Advertisement expenses	16.67	22.03
Audit fee	84.27	81.20
Directors Sitting Fee	47.50	50.00
Professional & consultancy fee	1,638.13	608.68
Printing & Stationery	369.61	342.32
Filing fee	6.10	0.80
Listing Fee	91.63	44.74
Sundry Expenses	112.88	48.47
Depreciation	1,393.96	1,980.59
Preliminary Expenses w/off	-	422.83
Operational expenses	-	2,608.25
	8,346.39	9,122.53

**SCHEDULE 'K'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO ACCOUNTS AS AT 31st MARCH, 2007****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of accounting:**

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B. Fixed Assets:

Fixed Assets are stated at cost of acquisition less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

C. Depreciation:

Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.

D. Foreign Currency transactions:

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency, assets / liabilities are translated in rupees at the rates prevailing on the date of Balance Sheet.

E. Investments:

Investments are valued at cost.

F. Taxes on income:

- i. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- ii. The Company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax asset has not been recognized by way of prudence in accordance with Accounting Standard 22 "Accounting for taxes on income" issued by The Institute of Chartered Accountants of India.

G. Impairment of Assets:

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets, is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use.

NOTES TO THE ACCOUNTS:

	31st March 2007 (Rs '000)	31st March 2006 (Rs '000)
1. Capital Commitments	700	Nil
2. Claims made against the company but not acknowledge as debts	Nil	Nil
3. Contingent Liabilities	Nil	Nil
4. Figures of the previous year have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of para ii of schedule VI of the Companies Act, 1956.		
a) Expenditure in foreign currency	781.95	Nil
b) Earning in foreign currency	Nil	Nil
c) Payment to Auditors:		
- Audit Fees	84.27	81.20

**6 Related Party Disclosure :****a. Name of related parties and relationship**

Sl. No.	Name of the Party	Relationship
1	Indophil Resources Exploration Services (India) Pvt Ltd.,	Wholly owned subsidiary
2	Mr. Sandeep Lakhwara	Managing Director
3	Mr. Charles E.E.Devenish	Chairman
4	Mr. K.R.Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	Prof. V. K. Gaur	Director
7	Australian Indian Resources Pty. Ltd.,	Having common Director
8	Rama Mines NL (Australia)	Having common Director
9	Lakhwara Consultants Pty Ltd.,	Having Common Director
10	Rama Mines (Mauritius) Limited	Holding Company
11	Western Goldsmiths Pty Ltd.	Having Common Director
12	The Paramount Mining Corporation Limited	Having Common Director

b. The company had transactions with the following related parties :-
Dr. M. Ramakrishnan, Mr. K. R. Krishnamurthy, Prof. V. K. Gaur, Mr. Sandeep Lakhwara and Indophil Resources Exploration Services (India) Pvt Ltd.,

c. Transactions with related parties :-

Sl. No.	Nature	For the year ended 31st March 2007 (Rs '000)
1	Reimbursement of Exploration Expenses to Subsidiary	1,200.70
2	Managerial Remuneration	840.00
3	Directors Sitting & Audit Committee Fees	47.00
4	Office Maintenance Expenses to Rama Mines (Mauritius) Ltd	781.95

7. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.3,78,97,884 as noted in schedule 'H' to the Balance Sheet as Pre-operative expenditure which will be charged to the Profit and Loss Account as and when the commercial activities / production commences.

8. Computation of Earning per Share (Annualised)

(Rs '000)

Particulars		For the year ended	
		31st March 2007	31st March 2006
a	Net Profit (Loss) after Tax available for Equity Share holders	(3,911.60)	(5,017.00)
b	Weighted average number of equity shares of Rs 1 each outstanding during the period	57874.66	51450
c	Basic earning per share	-0.07	-0.10
d	Diluted earning per share	0.00	-0.10



9. Monies Pending allotment :

As approved by the shareholders of the Company at their Extra-Ordinary General meeting held on April 17, 2006 the Board of Directors resolved on 1st May, 2006 to allot 1,10,77,027 optionally convertible warrants to Sun Mining and Exploration Limited., Cyprus. Each warrant entitles the holder to subscribe for and be allotted 1 equity share of Re. 1/- each fully paid at an issue price of Rs. 15.10 per share including premium of Rs. 14.10 per share. These warrants were convertible (at the sole option of the warrant holder) at any time, in one or more tranches, within a period of 18 months from 1st May, 2006, Sun Mining and Exploration Limited made a payment of Rs. 1.51 per warrant at the time of issue of warrants, which represents 10% of the total exercise price. Amount received from the allottee in accordance with the resolutions referred above have been included under monies pending allotment.

- 10.** During the year the Company has allotted 7000000 equity shares of Re. 1 each at a premium of Rs. 14.10 per equity share on 1st May, 2006 to Sun Mining and Exploration Limited., Cyprus. The proceeds from the same have been partly placed in Term deposit with bank and partly, invested in ABN Amro Dual Advantage Fund.

11 Miscellaneous Expenditure :

Miscellaneous Expenditure (to the extent not written off or adjusted) being preliminary expenses incurred during the year and carried forward from previous year amounting to Rs 2170.20 thousand have been fully written off against the securities premium account during the year instead of earlier policy of writing of 1/5th every year. This change has resulted in understatement of loss by Rs. 613.22 thousand for the year.

As per our report of even date

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195

Sandeep Lakhwara
Managing Director

M. Ramakrishnan
Director

Place: Mumbai
Dated: 25th October, 2007

K. R. Krishnamurthy
Director

S. Subramaniam
Company Secretary

Place: Bangalore
Dated: 25th October, 2007



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	For the year ended 31.03.2007 (Rs.'000)	For the year ended 31.03.2006 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(3842.90)	(4,998.00)
Adjustment for:		
Add :		
Miscellaneous Expenses written off	-	422.83
Depreciation	1,393.97	1,980.59
Operating Profit / (Loss) before Working Capital Changes	(2,448.93)	(2,594.58)
Adjustment for:		
Increase / (Decrease) in Trade Liabilities	(2,120.72)	2,179.65
Increase / (Decrease) in Loans and Advances	(5,498.52)	9,934.76
Net Cash used in Operating Activities (A)	(10,068.16)	9,519.83
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	(86,250.00)	(10.13)
Pre Operative expenses	(5,089.47)	(10,037.24)
Net Cash flow from Investing Activities (B)	(91,339.47)	(10,047.37)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From issue of Shares	105,700.00	-
Share Issue Expenses	(951.96)	-
Proceeds From issue of Shares Warrants	16,726.31	-
Net Cash flow from Financing Activities (C)	121,474.35	-
Net (Increase)/Decrease in cash & cash equivalents (A+B+C)	20,066.72	(527.54)
Cash & Cash equivalents at the beginning of the year	767.17	1,294.71
Cash & Cash equivalents at the end of the year	20,833.89	767.17

As per our report of even date

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)

PARTNER

M.No.48195

Place: Mumbai

Dated: 25th October, 2007

Sandeep Lakhwara

Managing Director

K. R. Krishnamurthy

Director

Place: Bangalore

Dated: 25th October, 2007

M. Ramakrishnan

Director

S. Subramaniam

Company Secretary

(Rs.'000)

Disclosure required in terms of clause 13.5A of Chapter XIII on Guidelines for Preferential Issues, SEBI (Disclosures and Investor Protection) Guidelines, 2000	For the year ended 31st March 2007
Total Amount received from issue of shares and warrants	122,426.31
Amount utilised	
Net amount used in operating activities	10,068.16
Amount utilised in investment activities	91,339.47
Shares and warrants issue expenses	951.96
Total	102,359.59
Balance - Net (Increase)/Decrease in cash & cash equivalents	20,066.72



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**A. REGISTRATION DETAILS**

State Code	:	11
Registration Number	:	34662
Balance Sheet Date	:	31st March, 2007
CIN	:	L51900MH1984PLC034662

B. CAPITAL RAISED DURING THE YEAR**(Amount in '000)**

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	7,000

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liability	:	174,012
Total Assets	:	174,012

SOURCES OF FUNDS

Paid up Capital	:	58,450
Reserves & Surplus	:	96,530
Monies pending allotment	:	16,726
Unsecured Loans	:	-

APPLICATION OF FUNDS

Net fixed Assets	:	3,354
Investment	:	86,350
Net Current Assets	:	25,477
Miscellaneous Expenditure	:	56,525

D. PERFORMANCE OF THE COMPANY

Total Income	:	4,503
Total Expenditure	:	8,346
Profit/(Loss) Before Tax	:	(3,843)
Profit/(Loss) After Tax	:	(3,912)
Earning per share in Rs.	:	NIL
Dividend Rate %	:	-

E. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(as per Monetary terms)

Item Code No. (ITC Code)	:	-
Product Description	:	N.A

As per our report of even date

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195**Sandeep Lakhwara**
Managing Director**M. Ramakrishnan**
DirectorPlace: Mumbai
Dated: 25th October, 2007**K. R. Krishnamurthy**
Director
Place: Bangalore
Dated: 25th October, 2007**S. Subramaniam**
Company Secretary



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their TENTH Annual Report of the company together with the audited accounts of the company for the year ended 31st March, 2007.

WORKING OF THE COMPANY

Your company continued to carry out exploration activities during the year. Pursuant to the agreement with Deccan Gold Mines Limited, all expenses incurred by the company for exploration activities are reimbursed by Deccan Gold Mines Limited.

During the year the company incurred total expenditure of Rs. 1.459 Million (P.Y. Rs. 5.456 Million) of which Rs. 1.096 Million (P.Y. Rs. 5.281 Million) is reimbursable to the company. The company during the year incurred a loss of Rs. 0.004 Million after adjustments of Deferred Tax Asset as compared to loss of Rs. 0.118 Million recognized during the previous year.

MANAGEMENT

During the year the Board comprised of Mr. D.V. Pichamuthu, Dr. M. Ramakrishnan and Mr. K. Karunakaran. Mr. D. V. Pichamuthu resigned from the Board on 30th October, 2006.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a. In preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to any material departures, if any;
- b. Your Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the net loss for the year ended on that date;
- c. Your Directors have taken proper and sufficient care for maintenance of adequate accounting records as required under the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities;
- d. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- e. Your Directors have prepared the Statement of Accounts for the year ended 31st March, 2007 on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year under review the Company did not have any employee falling under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Conservation of Energy and Technology Absorption:

Considering the nature of the Company's existing business activities, your Directors have nothing to state in connection with conservation of energy and technology absorption.

- (b) Foreign Exchange Earnings and Outgo:

During the year under review, the company did not have any foreign exchange earnings and outgo.



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

AUDITORS

M/s. Rao & Venkatesulu, Chartered Accountants, Bangalore, who were appointed as the Auditors of the company at the last Annual General Meeting will be retiring at the conclusion of the ensuing Annual General Meeting. They, being eligible, have communicated their consent for reappointment.

ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation extended by all.

For and on behalf of the Board

Place : Bangalore
Date : 28th August 2007

M. Ramakrishnan
Director

K. Karunakaran
Director



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

AUDITORS' REPORT**To the members of****INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED**

We have audited the Balance Sheet of INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED as at 31st MARCH, 2007 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 As the Company does not coming under the purview of the Companies (Auditor's Report) Order, 2003 issued by the Central Government under section 227 (4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
- 2 Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
 - d. In our opinion, the Profit and Loss Account and the Balance sheet dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director of the Company are disqualified from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956, ;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007; and
 - ii. In the case of the Profit and Loss Account, of the loss of the company for the year ended on that date.

For RAO & VENKATESULU
Chartered Accountants

Place : Bangalore
Date : 28th August 2007

K.Y. Ningoji Rao
Partner
Membership No.18278



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	As at 31.03.2007 (Rs. in '000)	As at 31.03.2006 (Rs. in '000)
A. SOURCES OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	100.00	100.00
LOAN FUNDS:			
Secured Loans		-	-
Unsecured Loans		-	-
Total Sources of Funds		100.00	100.00
B. APPLICATION OF FUNDS:			
FIXED ASSETS:			
Capital Works In Progress		-	-
DEFERRED TAX ASSETS		79.79	79.77
NET CURRENT ASSETS:			
CURRENT ASSETS:	B		
Inventories		361.78	-
Trade Debtors		439.57	2,131.52
Cash & Bank Balances		31.53	296.77
Loans & Advances		263.82	267.90
Total Current Assets		1,096.70	2,696.19
Less: CURRENT LIABILITIES:	C		
Current Liabilities		1,248.68	2,847.91
NET CURRENT ASSETS:		(151.98)	(151.71)
Misc. Expenses (ASSET)			
Preliminary Expenses (To the extent not written off)		-	3.72
Profit & Loss Account		172.19	168.23
Total Application of Funds		100.00	100.00
Significant Accounting Policies & Notes to the Accounts	G		
As per our report attached For RAO & VENKATESULU Chartered Accountants			For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

M. Ramakrishnan
Director

K. Karunakaran
Director

Bangalore
28th August 2007



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the Year ended 31.03.2007 (Rs. in '000)	For the Year ended 31.03.2006 (Rs. in '000)
INCOME:			
Exploration charges Recovered		1,096.25	5,281.42
Total Income		1,096.25	5,281.42
EXPENDITURE:			
Exploration Expenses	D	1,413.17	5,422.95
Administrative & Other Expenses	E	46.39	32.97
Total Expenditure		1,459.56	5,455.92
NET PROFIT(+)/LOSS(-) BEFORE TAXES		(1.53)	(174.51)
Less/Add (-): Prior Period Adjustments		(2.46)	--
Add: Deferred Tax Assets Created		0.02	56.92
NET PROFIT(+)/LOSS(-) AFTER TAXES		(3.97)	(117.59)
Add: Balance Loss Brought Forward		(168.23)	(50.64)
BALANCE LOSS CARRIED FORWARD		(172.19)	(168.23)

Significant Accounting Policies &
Notes to the Accounts

G

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

M. Ramakrishnan
Director

K. Karunakaran
Director

Bangalore
28th August 2007



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2007 (Rs. in '000)	As at 31.03.2006 (Rs. in '000)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED CAPITAL: 50000 (P.Y. 50000) Equity shares of Rs.10/- Each	500.00	500.00
ISSUED, SUBSCRIBED AND PAID UP: 10000 (P.Y.10000) Equity shares of Rs.10/- Each Fully Paid up	100.00	100.00
TOTAL	100.00	100.00
SCHEDULE 'B'		
CURRENT ASSETS		
Inventories :		
Work in Progress	361.78	-
Trade Debtors	439.57	2,131.52
Cash at Bank:		
In Current Accounts	29.55	293.37
Cash on Hand	1.98	3.40
Loans & Advances:		
Deposits	109.93	109.93
Advances Recoverable in Cash or kind	153.89	157.97
Geologist Advance	-	-
TOTAL	1,096.70	2,696.19
SCHEDULE 'C'		
CURRENT LIABILITIES		
Creditors for Trade	1,193.46	2,801.75
Creditors for Expenses	55.22	46.16
TOTAL	1,248.68	2,847.91
	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'D'		
EXPLORATION EXPENSES		
Analysis charges	560.97	3,515.94
Boarding & Lodging charges	53.28	7.95
Camp Expenses	26.71	873.93
Diesel & Fuel Expenses	47.21	-
Duplicating charges	2.06	1.06
Field Supplies & Consumables	18.30	0.28
Field Vehicle Maintenance	22.24	-
RP/PL/ML Processing Expenses	50.29	54.10
Labour charges	-	4.01
Land Compensation	123.18	317.68
Field Travel Expenses	15.70	-
Professional & Consultancy fee	465.00	648.00
Trenching & Pitting Charges	20.90	-
Other Camp Expenses : Telephone	7.33	-
TOTAL	1,413.17	5,422.95



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'E'		
ADMINISTRATIVE & OTHER EXPENSES:		
Advertisement Expenses	10.00	-
Application fee	-	1.05
Bank Charges	1.38	1.51
Interest Paid	1.46	-
Filling Fee	10.88	1.20
Food & Water expenses	-	3.85
Miscellaneous Expenses	-	0.29
Postage & Telegrams	0.94	0.10
Printing & Stationery	2.99	1.20
Field Travel Allowance	-	1.45
Telephone charges (Camp)	-	1.53
Preliminary Expenses Amortised	3.72	3.72
Auditors Remuneration:		
For Audit	11.22	11.12
For Tax Audit	-	3.34
For Other Services	3.80	2.61
TOTAL	46.39	32.97
SCHEDULE 'F'		
INCREASE OR DECREASE IN STOCKS		
OPENING STOCK :		
Work in progress	-	-
TOTAL	-	-
CLOSING STOCK		
Work in progress	361.78	-
TOTAL	361.78	-
Increase (-) or Decrease (+) in Inventory	(361.78)	-

SCHEDULE 'G'

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Trade Debtors include:

	Particulars	As At 31.03.2007 (Rs. in '000)	As At 31.03.2006 (Rs. in '000)
a.	Debts considered good but not secured for which the Company do not hold any security other than the personal security of debtors	439.57	2,131.52
b.	Debts considered doubtful for which no provision is made	Nil	Nil
c.	Debts due from concerns in which the relatives of Directors of the company are interested	Nil	Nil
d.	Debts due from firms and companies in which the Directors of the company are interested as partners and Directors	Nil	Nil
e.	Debts due for period:		
	(i) More than Six Months	Nil	Nil
	(ii) Others	439.57	2,131.52


INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

2 . The particulars of the Deferred Tax Asset created is as under: (Rs.'000)

Particulars	As On 31.03.2007	As On 31.03.2006	Difference
Depreciation:			
Written Down value:			
As per IT Rules	Nil	Nil	Nil
As per Books	Nil	Nil	Nil
Difference	Nil	Nil	Nil
Deferred Tax Liability	Nil	Nil	Nil
Particulars	As On 31.03.2007	As On 31.03.2006	Total
Unabsorbed Items Under IT:			
Unabsorbed Business Loss	237.04	236.97	0.07
Unabsorbed Depreciation	Nil	Nil	Nil
Total	237.04	236.97	0.07
Deferred Tax Asset	79.79	79.76	0.03
Net Deferred Tax Asset:	79.79	79.76	0.03

SIGNIFICANT ACCOUNTING POLICIES:
A. REVENUE RECOGNITION:

1. Sales revenues are accounted on accrual basis.
2. All incomes, to the extent they are ascertained, are accounted on accrual basis.

B. EXPENDITURE RECOGNITION:

1. All expenditure relating to the purchase of goods are accounted on accrual basis.
2. All expenditure to the extent they are ascertained, are accounted on accrual basis.

C. VALUATION OF INVENTORY:

Inventories of goods traded are valued at cost or net realisable value which ever is lower.

D. FIXED ASSETS:

Depreciation on fixed assets are provided on Written Down Value Method at the rates prescribed under the Income Tax Rules, 1962.

E. ACCOUNTING OF TAXES ON INCOME:

- a. Current taxes on Income is provided as per the liability computed under the Income Tax Act, 1961.
- b. The Deferred Tax Assets and Liabilities are created as per AS-22 prescribed by the Institute of Chartered Accountants of India.

F. ACCOUNTING OF INTANGIBLE ASSETS:

- a. All intangible assets acquired at cost are recognized as assets.
- b. All intangible assets are amortized as per the norms stipulated in AS-22 issued by the ICAI.



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:

State Code	08
Registration No.	22819
Balance Sheet Date	31st March, 2007

BALANCE SHEET AS AT 31ST MARCH, 2007:

(Rs in '000)

II. Capital raised during the year :

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilisation and deployment of funds:

Total Liabilities	100
Total Assets	100

Sources of Funds:

Paid Up Capital	100
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Asset	80
Net Current Assets	(152)
Miscellaneous Expenditure	Nil
Accumulated Losses	172

IV. Performance of the Company:

Turnover	1,096
Total Expenditure	1,098
Profit Before Tax	(2)
Profit After Tax	(4)
Earning Per Share [Annualised]	
After reckoning Deferred Tax Asset (in Rs.)	(40)
Dividend	Nil

V. Generic names of three principal products of Company (as per monetary terms):

Product Description	Item Code (ITC Code)
a. Mining Exploration	980100.45

SIGNATURES TO SCHEDULES 'A' AND 'G'

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

M. Ramakrishan
Director

K. Karunakaran
Director

Bangalore
28th August 2007



AUDITORS' REPORT

Auditors Report to the Board of Directors of DECCAN GOLD MINES LIMITED on the consolidated financial statements of Deccan Gold Mines Limited and its wholly owned subsidiary Indophil Resources Exploration Services (India) Private Limited.

1. We have examined the attached consolidated balance sheet of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2007 and the consolidated profit and loss account and consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **DECCAN GOLD MINES LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted Accounting Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not conducted the audit of the financial statements of the subsidiary, whose financial statement has been audited by other auditors, and on which we have relied for the purpose of our examination of the consolidated financial statement.
4. We report that:
 - a) the consolidated financial statements has been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of **DECCAN GOLD MINES LIMITED**, its subsidiary.
 - b) The consolidated cash flow statement has been prepared on the basis of consolidated financial statement.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **DECCAN GOLD MINES LIMITED** and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fare view in conformity with the accounting principles generally accepted in India:
 - i) In case of the consolidated Balance Sheet, of consolidated statement of affairs of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2007
 - ii) In case of consolidated Profit and Loss Account of the consolidated results of operations of **DECCAN GOLD MINES LIMITED**, and its subsidiary for the year ended on that date; and
 - iii) In case of the consolidated Cash Flow Statement, of **DECCAN GOLD MINES LIMITED** and its subsidiary for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

R.P. LADDHA
(PARTNER)
Membership Number - 48195

Place: Mumbai
Dated: 25th October, 2007



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	As at 31.03.2007 (Rs.'000)	As at 31.03.2006 (Rs.'000)
SOURCES OF FUNDS :			
Share holders fund : Share Capital	A	58,450.00	51,450.00
Monies pending Allotment		16,726.31	-
Reserves & Surplus	B	96,526.08	-
TOTAL		171,702.39	51,450.00
APPLICATIONS OF FUND:			
FIXED ASSETS:			
Gross Block	C	8,015.16	8,015.16
Less: Depreciation		4,661.24	3,267.28
Net Block		3,353.92	4,747.88
GOODWILL		197.26	197.26
INVESTMENTS	D	86,250.00	-
CURRENT ASSETS, LOANS & ADVANCES	E		
Inventories		361.78	-
Cash & Bank Balances		20,865.43	1,063.95
Loans and Advances		7,213.30	1,718.86
		28,440.51	2,782.81
Less: Current Liabilities & Provisions	F		
Current Liabilities		3,115.50	5,074.79
NET CURRENT ASSETS		25,325.01	(2,291.98)
Misc. Expenditure (to the extent not written off or adjusted)	G	-	1,218.24
Pre-operative Expenditure	H	32,062.88	26,977.14
		32,062.88	28,195.38
Profit & Loss Account		24,433.53	20,521.69
Deferred Tax Assets		79.79	79.77
TOTAL		171,702.39	51,450.00
Significant Accounting Policies & Notes to the Accounts	L		

As per our report of even date

For **V. K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195

Sandeep Lakhwara
Managing Director

M. Ramakrishnan
Director

Place: Mumbai
Dated: 25th October, 2007

K. R. Krishnamurthy
Director
Place: Bangalore
Dated: 25th October, 2007

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the Year ended 31.03.2007 (Rs.'000)	For the Year ended 31.03.2006 (Rs.'000)
<u>INCOME</u>			
Operational Income	I	1,096.25	3,954.90
Interest on Term Deposit		4,503.49	169.63
Increase/Decrease in Inventory	J	361.78	--
		5,961.52	4,124.53
<u>EXPENDITURE</u>			
Exploration Expenses		1,413.17	5,832.37
Administrative & Other Expenses	K	8,389.06	9,151.79
		9,802.23	14,984.16
Profit/(Loss) before taxation		(3,840.71)	(10,859.63)
Less : Provision for FBT		(68.70)	(19.00)
		(3,909.41)	(10,878.63)
Add : Provision for Deferred Tax		0.03	56.92
		(3,909.38)	(10,821.71)
Add : Prior Period Adjustment		(2.46)	-
Net Profit/(Loss) for the year		(3,911.84)	(10,821.71)
Add: Balance brought forward		(20,521.69)	(9,699.98)
Balance transferred to Balance Sheet		(24,433.53)	(20,521.69)
Basic Earnings Per Share (in Rs.)		-	(0.21)
Diluted Earnings Per Share (in Rs.)		-	(0.21)

Significant Accounting Policies &
Notes to the Accounts

L

As per our report of even date

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195

Sandeep Lakhwara
Managing Director

M. Ramakrishnan
Director

Place: Mumbai
Dated: 25th October, 2007

K. R. Krishnamurthy
Director

S. Subramaniam
Company Secretary

Place: Bangalore
Dated: 25th October, 2007



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2007

SCHEDULE 'A'

SHARE CAPITAL :

Authorised

10,00,00,000 (P.Y. 6,00,00,000) Equity Shares of
Rs.1/- each

Issued, Subscribed and Paid up :

5,84,50,000 (P.Y. 5,14,50,000) Equity Shares of
Rs.1/- each fully paid up

SCHEDULE 'B'

Reserves & Surplus

Securities Premium

Less : Miscellaneous Expenditure
(refer note no 11 of notes to accounts)

As at 31.03.2007 (Rs.'000)	As at 31.03.2006 (Rs.'000)
100,000.00	60,000.00
100,000.00	60,000.00
58,450.00	51,450.00
58,450.00	51,450.00
98,700.00	-
2,173.92	-
96,526.08	-

SCHEDULE 'C'

FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.06	Addition during the year	As at 31.03.07	As at 01.04.06	For the Year	Up to 31.03.07	As at 31.03.07	As at 31.03.06
1.	COMPUTERS	70.78	-	70.78	44.22	10.62	54.84	15.94	26.57
	PRINTER								
2.	PLANT & MACHINERY	7,246.27	-	7,246.27	3,020.21	1,267.82	4,288.03	2,958.24	4,226.06
3.	VEHICLE	502.09	-	502.09	161.93	88.07	250.00	252.09	340.16
4.	OFFICE EQUIP	16.77	-	16.77	2.08	2.04	4.12	12.66	14.69
5.	FURNITURE & FIX.	179.25	-	179.25	38.84	25.41	64.25	114.99	140.40
TOTAL		8,015.16	-	8,015.16	3,267.28	1,393.96	4,661.24	3,353.92	4,747.88
PREVIOUS YEAR		8,005.03	10.13	8,015.16	1,286.68	1,980.59	3,267.28	4,747.88	-

SCHEDULE 'D'

INVESTMENTS

ABN Amro Dual Advantage Fund
(86,25,000 (Nil) units of Rs 10/- each)

86,250.00	-
86,250.00	-

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES:

Current Assets:

Inventories

Cash & Bank Balance:

Cash on Hand

Balance with Bank (Current Account)

Term Deposit

361.78	-
62.14	32.53
3,803.29	1,031.42
17,000.00	
20,865.43	1,063.95



	As at 31.03.2007 (Rs.'000)	As at 31.03.2006 (Rs.'000)
<u>Loans & Advances</u>		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	7,213.30	1,718.86
	<u>7,213.30</u>	<u>1,718.86</u>
<u>SCHEDULE 'F'</u>		
CURRENT LIABILITIES:		
Sundry Creditors	3,027.80	5,055.79
PROVISIONS:		
Provision for FBT	87.70	19.00
	<u>3,115.50</u>	<u>5,074.79</u>
<u>SCHEDULE 'G'</u>		
MISCELLANEOUS EXPENDITURE		
Preliminary expenses		
Opening balance	1,218.23	1,641.07
Less: 1/5 written off during the year	-	422.83
	<u>1,218.23</u>	<u>1,218.24</u>
Add: Other expenses	955.69	-
	<u>2,173.92</u>	<u>1,218.24</u>
Less : Adjusted against Securities Premium Account (refer note no 11 of notes to accounts)	-	-
	<u>2,173.92</u>	<u>-</u>
	<u>-</u>	<u>1,218.24</u>
<u>SCHEDULE 'H'</u>		
Pre-Operative expenses		
Exploration expenses	32,062.88	26,977.14
	<u>32,062.88</u>	<u>26,977.14</u>



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	For the year ended 31.03.2007 (Rs.'000)	For the year ended 31.03.2006 (Rs.'000)
SCHEDULE 'I'		
Operational Income		
Drilling Income	1,096.25	4,358.30
Less : Service tax	-	403.40
	<u>1,096.25</u>	<u>3,954.90</u>
 SCHEDULE 'J'		
ADMINISTRATIVE & OTHER EXPENSES:		
Salaries & other benefits	1,730.60	1,602.56
Staff welfare	23.86	55.04
Books & Periodicals	15.28	5.81
Bank charges	8.14	7.96
Business promotion expenses	13.10	33.40
Travelling & conveyance	394.76	83.76
Electricity charges	31.20	35.90
Membership & subscription	76.11	96.59
Office Maintenance	871.95	12.79
Postage, Telegram & Telephone	206.92	188.42
Rent, rate & taxes	1,217.51	798.85
Advertisement expenses	26.67	22.03
Audit fee	99.30	98.26
Directors Sitting Fees	47.50	50.00
Professional & consultancy fee	1,638.13	608.68
Printing & Stationery	372.59	343.52
Filing fees	16.97	3.05
Listing Fee	91.63	44.74
Sundry Expenses	112.88	48.76
Depreciation	1,393.96	1,980.59
Preliminary Expenses w/off	-	422.83
Operational expenses	-	2,608.25
	<u>8,389.06</u>	<u>9,151.79</u>



SCHEDULE 'L'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

ANNEXED TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B. Fixed Assets:

Fixed Assets are stated at cost of acquisition less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized.

C. Depreciation:

Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.

D. Foreign Currency transactions :

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency assets / liabilities are translated in Rupees at the rates prevailing on the date of Balance Sheet.

E. Investments:

Investments are valued at cost.

F. Taxes on income:

- i. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- ii. The Company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax asset has not been recognized by way of prudence in accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India.

G. Impairment of Assets:

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use.

NOTES TO THE ACCOUNTS:

	31st March, 2007 (Rs. '000)	31st March, 2006 (Rs. '000)
1. Capital Commitments (Net of Advance)	700	Nil
2. Claims made against the company but not acknowledge as debts	Nil	Nil
3. Contingent Liabilities	Nil	Nil
4. Figures of the previous year have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.		
a. Expenditure in foreign currency	781.95	Nil
b. Earning in foreign currency	Nil	Nil
c. Payment to Auditors:		
- Audit Fees	84.27	81.20



6. Related party disclosure

a. Name of related parties and relationship

Sl No.	Name of the party	Relationship
1	Indophil Resources Exploration Services (India) Pvt. Ltd.	Wholly owned subsidiary
2	Charles E.E.Devenish	Chairman
3	Sandeep Lakhwara	Managing Director
4	K.R.Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	V.K.Gaur	Director
7	Rama Mines (Mauritius) Limited	Holding Company
8	Australian Indian Resources Pty. Ltd.	Having common Director
9	Rama Mines NL (Australia)	Having common Director
10	Lakhwara Consultants Pty. Ltd.	Having Common Director
11	Western Goldsmiths Pty. Ltd.	Having Common Director
12	The Paramount Mining Corporation Limited	Having Common Director

b. The company had transactions with the following related parties :-

Dr. M. Ramakrishnan, K.R. Krishnamurthy, V.K. Gaur, Sandeep Lakhwara and Indophil Resources Exploration Services (India) Pvt Ltd.,

c. Transactions with related parties :-

Sl. No.	Nature	For the year ended 31st March, 2007 (Rs. in '000)
1	Reimbursement of Exploration Expenses to Subsidiary	1,200.70
2	Managerial Remuneration	840.00
3	Directors Sitting and Audit Committee Fees	47.00
4	Office Maintenance Expenses to Rama Mines (Mauritius) Ltd	781.95

7. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.37,897.88 (in thousands) as noted in Schedule 'H' to the Balance as pre-operative expenditure which will be charged to the Profit and Loss Account as and when the commercial activities / production commences.

8. Computation of Earning per Share (Annualised)

(Rs.'000)

Particulars	For the year ended	
	31st March, 2007	31st March, 2006
a Net Profit (Loss) after Tax available for Equity Share holders	(3,911.00)	(10,821.71)
b Weighted average number of equity shares of Rs 1 each outstanding during the period	57,874.66	5,1450
c Basic earning per share	(0.07)	(0.21)
d Diluted earning per share	(0.00)	(0.21)

9. Monies Pending allotment :

As approved by the shareholders of the Company at their Extra-Ordinary General meeting held on April 17, 2006 the Board of Directors resolved on 1st May, 2006 to allot 1,10,77,027 optionally convertible warrants to Sun Mining and Exploration Limited., Cyprus Each warrant entitles the holder to subscribe for and be allotted 1 equity share of Re. 1/- each fully paid at an issue price of Rs. 15.10 per share including premium of Rs. 14.10 per share. These warrants were convertible (at the sole option of the warrant holder) at any time, in one or more tranches, within a period of 18 months from 1st May, 2006, Sun Mining and Exploration Limited made a payment of Rs. 1.51 per warrant at the time of issue of warrants, which represents 10% of the total exercise price. Amount received from the allottee in accordance with the resolutions referred above have been included under monies pending allotment.



10. During the year the company has allotted 7000000 equity shares of Re. 1 each at a premium of Rs. 14.10 per equity share on 1st May, 2006 to Sun Mining and Exploration Limited., Cyprus. The proceeds from the same have been partly placed in Term deposit with bank and partly, invested in ABN Amro Dual Advantage Fund.
11. Miscellaneous Expenditure :
Miscellaneous Expenditure (to the extent not written off or adjusted) being preliminary expenses incurred during the year and carried forward from previous year amounting to Rs 1273.92 thousand have been fully written off during the year instead of earlier policy of writing of 1/5th every year. This change has resulted in decrease of loss by 616.95 thousand for the year.

For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

(R. P. LADDHA)
PARTNER
M.No.48195

Place: Mumbai
Dated: 25th October, 2007

For and on behalf of the board

Sandeep Lakhwara
Managing Director

M. Ramakrishnan
Director

K. R. Krishnamurthy
Director

S. Subramaniam
Company Secretary

Place: Bangalore
Dated: 25th October, 2007



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	For the year ended 31.03.2007 (Rs.'000)	For the year ended 31.03.2006 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(3,843.16)	(10,859.63)
Adjustment for:		
Add : Miscellaneous Expenses written off	-	422.83
Depreciation	1,393.97	1,980.59
Operating Profit / (Loss) before Working Capital Changes	(2,449.19)	(8,456.21)
Adjustment for:		
Increase / (Decrease) in Inventories	(361.78)	-
Increase / (Decrease) in trade liabilities	(2,027.99)	2,621.46
(Increase) / Decrease Loans and Advances	(5,494.45)	9,824.37
Net Cash used in Operating Activities (A)	(10,333.41)	3,989.62
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	(86,250.00)	(10.12)
Pre Operative expenses	(5,089.46)	(4,346.39)
Net Cash flow from Investing Activities (B)	(91,339.46)	(4,356.51)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From issue of Shares	105,700.00	-
Share Issue Expenses	(951.96)	-
Proceeds From issue of Shares Warrants	16,726.31	-
Net Cash flow from Financing Activities(C)	121,474.35	-
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	19,801.48	(366.89)
Cash & Cash equivalents at the beginning of the year	1,063.95	1,430.84
Cash & Cash equivalents at the end of the year	20,865.43	1,063.95

As per our report of even date
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS

For and on behalf of the board

(R. P. LADDHA)
PARTNER
M.No.48195

Sandeep Lakhwara
Managing Director

M. Ramakrishnan
Director

Place: Mumbai
Dated: 25th October, 2007

K. R. Krishnamurthy
Director

S. Subramaniam
Company Secretary

Place: Bangalore
Dated: 25th October, 2007



*This page intentionally
left blank*

DECCAN GOLD MINES LIMITED



EXPLORATION REPORT

I. HUTTI-MASKI BELT PROJECTS

Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. Gold mining activity in the belt has been known since pre-Ashokan time, about 3000 years ago. Modern gold mining commenced in the Hutti area around 1947. The Auriferous tracts of Hutti greenstone belt are remarkably similar to the classic Archaean Superior Craton in Canada, the Yilgarn Craton in Western Australia and the Kolar greenstone belt in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being presently mined by The Hutti Gold Mines Limited. DGML carried out exploration over an area 851 sq km in the Hutti Belt (Fig. 1a, 1b) under its two Reconnaissance exploration Permits (RPs). Our exploration comprised structural and geological mapping, geochemical sampling, geophysical surveys, Reverse circulation

(RC), Rotary air blast (RAB) and Diamond core drilling etc. The systematic exploration efforts of DGML geologists resulted in defining 21 gold bearing blocks. A total of 12 prospecting licenses (PLs) applications covering the 21 gold targets and 1 Mining lease (ML) application in Hirenagnur have been filed with the Karnataka State Government. Due to delay in grant of the licences, DGML could not undertake detailed exploration in the prospective blocks as planned.

Highlights of these prospects are presented in the following:

A. Hutti Mine North Prospect

This block is located immediately north of the currently operating Hutti Gold Mine located 80 kms west of Raichur town in Karnataka. A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the Hutti Mines. DGML's exploration resulted in tracing the extensions of at least 5 lodes into DGML's PL block north of the Hutti Gold mine. The geochemical data was processed using Datamine software which reveals gold anomalies correlatable to the lodes being mined at Hutti Gold Mines. Most significant observation was the possible extension of the New East Reef which has analysed upto 10.0g/t Au gold and the extension of the Main Reef that has analysed upto 16.0g/t Au.

DGML has applied for a Prospecting Licence that covers all the mineralized zones. A detailed drilling programme is planned to explore the highly prospective North Hutti Block that will be executed once the PL is granted.

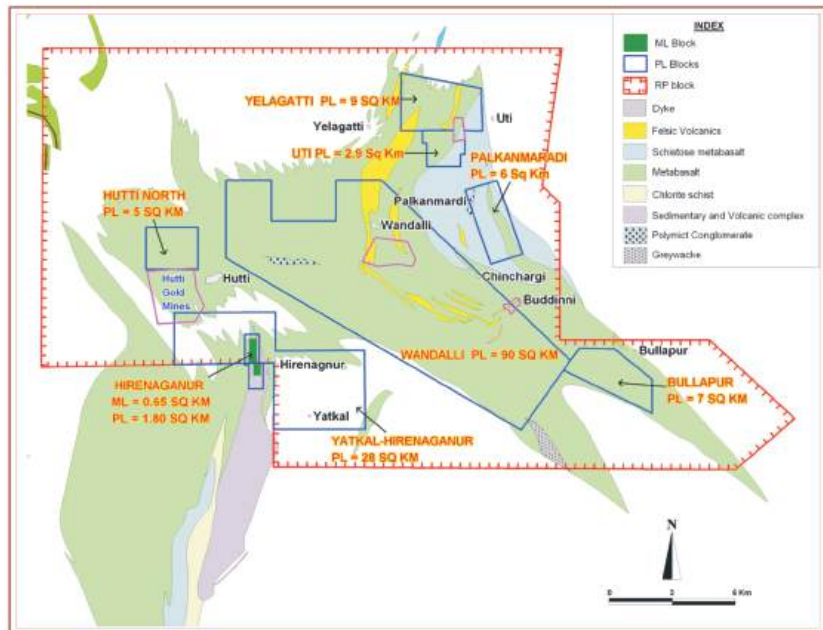


Fig. 1(a) : North Hutti Reconnaissance Permit Block, showing its geology and the blocks identified for Prospecting Licence and Mining Lease

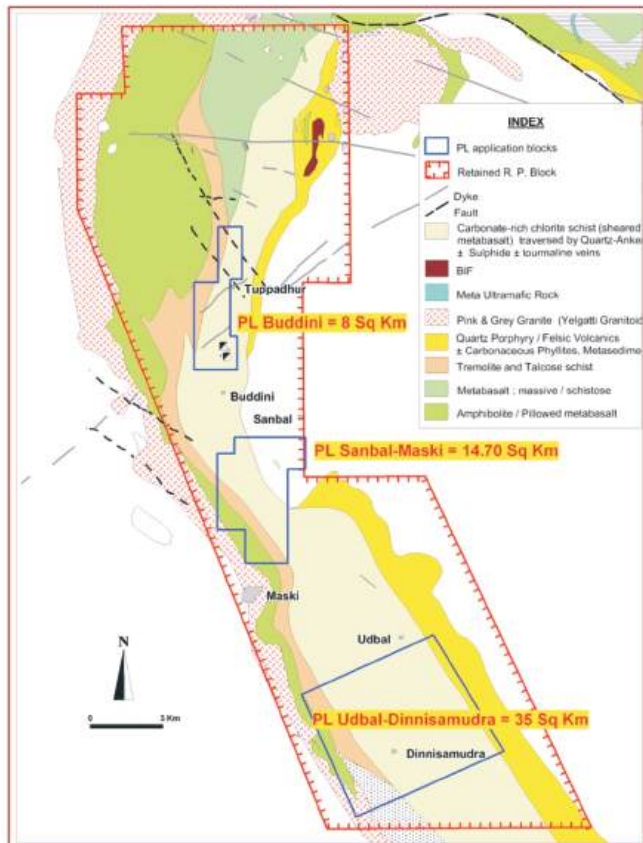


Fig. 1(b) : Prospecting License Blocks identified in South Hutti RP Block

ANNUAL REPORT - 2007



a) Hirenagnur Prospect:

Hirenagnur Prospect is amongst the best discovery of DGML geologists. Hirenagnur is located 5 kms southeast of Hutti. Systematic exploration by means of geochemistry, ground geophysics, RC drilling and structural mapping has established a mineralized system of 2 kms length over a width of nearly 50 metres. Preliminary drilling was concentrated in the Hirenagnur Central Block. A total of 4 mineralised zones were delineated of which the eastern most zone i.e zone III has a strike length of 600 metres (Fig. 2). The drill hole data was processed by using Datamine Geological software which shows that all the 4 ore zones are open along strike and depth that would be explored by detailed drilling. The data generated suggests possibility of open pit mining of the Hirenagnur ore body (Fig. 3).

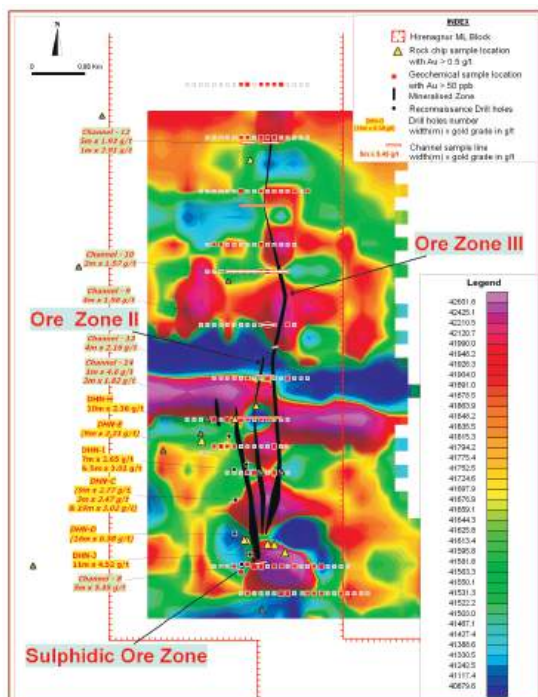


Fig. 2 : Ground Magnetic TMI-1VD Image of Hirenagnur Prospect

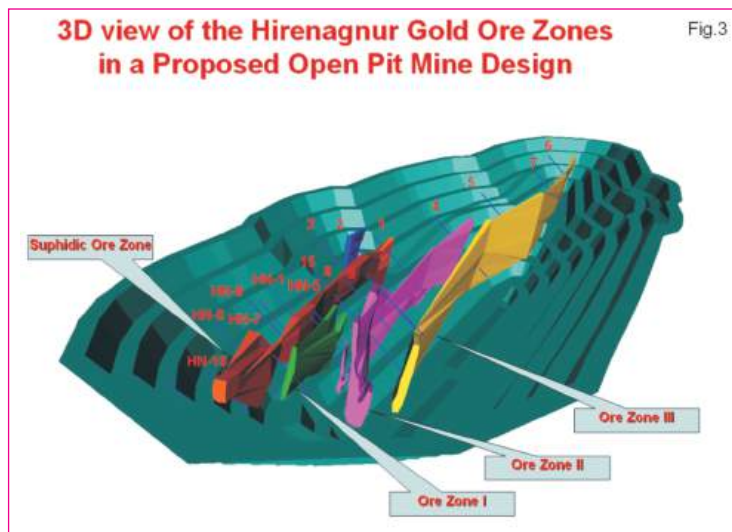


Fig. 3

Beneficiation studies of Hirenagnur ore was carried out at the Indian Bureau of Mines, Bangalore. The studies indicate that the ore is free milling and 91% of gold recovery was achievable by carbon -in- leach technique. Pre-treatment of the ore can result in 97% recovery. Detailed drilling will follow the grant of prospecting licence over this prospect.

b) Yatkan Block:

Yatkan prospect is situated 10 kms south-east of Hutti. Gold mineralization is noticed in quartz veins emplaced along sheared and fractured granite. Mineralisation is controlled by NE-SW trending fracture systems along which several quartz veins are emplaced.

DGML during its Reconnaissance Permit tenure carried out detailed geochemical exploration, rock chip sampling and ground magnetic survey. The geochemical data processed reveals a 950 metre long NE-SW trending gold anomaly spread over 150 metres width. Most of the high gold values analysed in rock chip samples (1.0 to 32.05 g/t Au) fall within the 950 m long geochem anomaly. The geochemical anomaly matches very well with ground magnetic anomaly. (Fig. 4). Detailed drilling is warranted under a prospecting license.

II. DHARWAR-SHIMOGBELT PROJECT

In the late Archaean Dharwar-Shimoga belt gold mineralisation is hosted by sulphidic banded ferruginous cherts. DGML explored the entire area of 5,329 sq km under 3 RP blocks and succeeded in identifying 22 prospects within the RP block (Fig-4). A total of 7 PL and 2 ML applications were submitted covering the prospects. DGML is awaiting grant of these PL and ML applications to commence intensive exploration, which includes resource drilling and pre-feasibility studies in the Ganajur Main, Mangalagatti SE and Bhavihal prospects. The salient aspects of the best prospects are as follows.

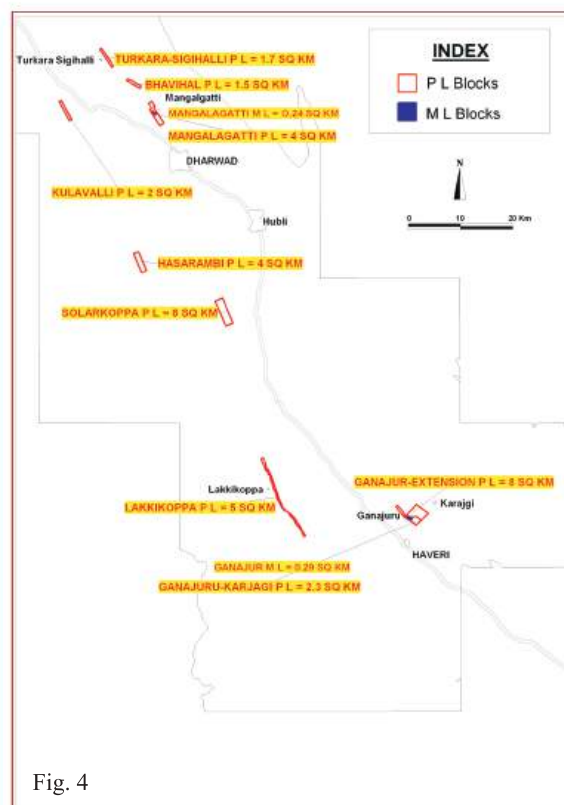


Fig. 4



DECCAN GOLD MINES LIMITED

a) Ganajur Main Prospect:

Ganajur prospect is located 6 kms east of Haveri town on the National Highway-4 and 1.5 kms south east of Ganajur village. Ganajur prospect is a discovery by DGML as a result of intensive mapping, sampling and shallow RC drilling. Some of the drill intersections include 15m @ 3.79g/t, 40m @ 4.71 g/t, 39m @ 7.71 g/t and 34m @ 5.36 g/t Au. The drilling results indicate a potential resource of 122000 ounces of gold with an average grade of 3.79 g/t Au. The exploration also showed that the ore-body is wide and suitable for open cast mining. The drilling data was lately processed using the state of the art Datamine software which has helped to define the shape and size of the ore body (Fig. 5). A detailed drilling programme is expected to increase the resource further.

Ore beneficiation studies of the Ganajur ore were carried out at the IBM, Bangalore. The studies reveal that the ore is partly sulphidic and a recovery of 80% is achievable by cyanide leaching. Pre-Oxidation of the ore can increase the recovery. The ore analysed 5.59g/t Au.

b) Mangalagatti SE Prospect:

This prospect is 12 kms north of Dharwar city. RC drilling and channel sampling has revealed significant mineralization with high grade patches of gold. Two auriferous zones extending for nearly 500 metres over a width of 30 metres are defined (Fig. 6). A probable resource of 1.5 million tonnes @ 1.63 g/t Au is estimated based upon results of shallow drilling programme. Detailed resource drilling will be undertaken once Mining Lease is granted. Other prospects in and around Mangalagatti include Mangalagatti NW and Mangalagatti E.

DGML has also identified several promising prospects at Bhavihal, Kuluvali and Lakkikoppa, worthy of detailed exploration.



Fig. 6 : Mangalagatti South East Prospect, Dharwar, Karnataka, Cross section of DTH & RC drill holes

III. EXPLORATION IN ATTAPPADY PROJECT- KERALA

Gold mineralization in the Attappady valley is mostly confined to quartz veins, traversing the deep seated Bhavani shear/fracture zone and various host rocks such as sheared amphibolite (Pothuppady), pink granite gneiss (Puttumala), migmatitic hornblende gneiss (Vannanthara-Kariyur-Kottathara). Secondary gold enrichment associated with lateritization has also been inferred in this area. DGML was granted Attappady RP over an area of 834 sq.kms in the Palakkad district in Kerala.

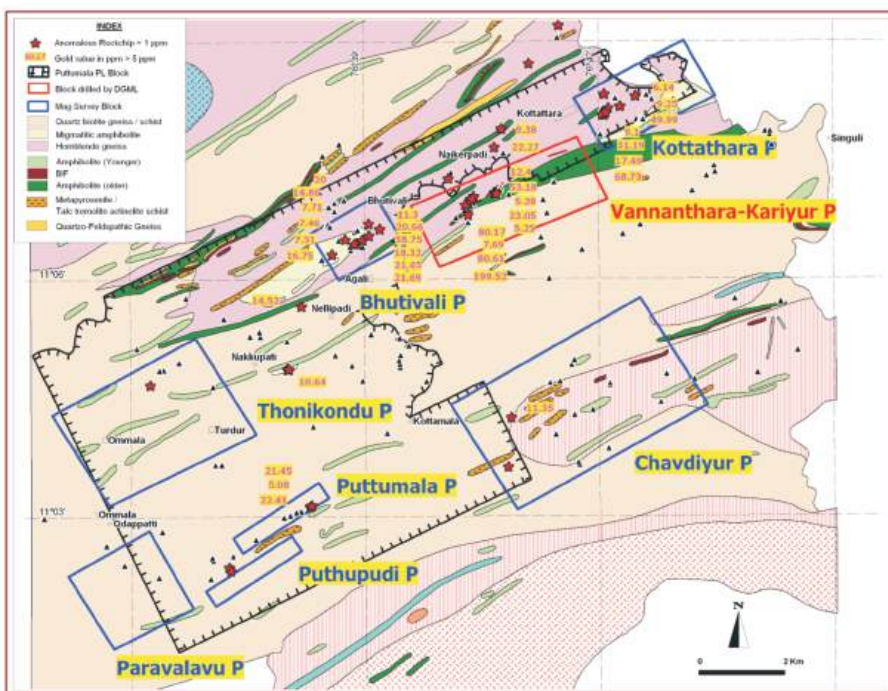


Fig. 7 : Attappadi RP showing the blocks explored by DGML

DGML carried out exploration work initially by regional stream sediment geochemical and rock chip sampling. The stream sediment samples analysed significant gold values such as 84, 260, 1137, 383, 97, 125, 476, 1157, 516, 63,56, 38, 322, 410, 163, 72, 90, 85, 183 ppb. Based on the results of the regional sampling programme, target areas were identified for detailed exploration. Litho structural mapping, ground geophysical surveys followed by channel sampling and limited RC drilling was undertaken in these areas. A total of 818 samples were collected and analysed for gold and other elements. Ground magnetic survey involved 852 line kms. Detailed exploration was carried out around Vannathura, Kariyur, Puttumala, Pothuppady, NSS farm, Paravalavu, Thenkara and Thonikkundu (Fig. 7).

a) Pothuppady NSS farm area: This prospect is located south of the highly prospective Puttumala Block.

ANNUAL REPORT - 2007



Significant gold values such as 1.69, 8.48, 4.23, 2.44, 22.41, 3.04, 0.65, 1.05, 4.33, 1.44, 21.45 g/t were analysed in the rock chip samples. Ground geophysical surveys by magnetic and resistivity methods were carried out.

b) Tumbapara block: A 2.2 metres wide quartz vein showing significant sulphide mineralization was located near Tumbapara Village. Initial sampling of the quartz vein showed 2 g/t Au.

c) Karaiyur- Vannanthara block: The mineralized quartz veins in Kariyur South block is considered to be the strike extension of the quartz veins showing visible gold in the Vannanthara South prospect. Preliminary sampling of quartz veins from Kariyur prospect, have assayed 0.31, 5.25, 12.4, 23.05 ppm of gold. Presence of visible gold in the quartz veins pointed to the occurrence of coarse gold in the samples. Hence analysis of gold in the samples was carried out by screen fire assaying. The coarser fraction (+75 micron) analysed upto 325.91 g/t Au. Shallow and limited RC drilling was carried out to test the depth continuity of mineralization in the Karaiyur-Vannathura block. Though the drilling results did not match the high grades noticed in the surface samples, these results did confirm the depth persistence of gold mineralization. Deeper drilling is planned to explore the mineralization at depth.

d) Chavadiyur : Geological mapping, magnetic survey and sampling has been carried out in this prospect. One of the samples analysed 2.86 g/t Au with significant silver and lead.

e) Thonikundu Block: Two gold bearing gossanised quartz veins were located in Thonikundu-Mamana area. The analysis of the samples indicated presence of coarse gold as indicated by the value of 60.7 g/t in the coarse fraction (+75 micron).

f) Paravalavu Block: Field checking of the stream geochemical anomaly resulted in locating a 2 metre wide quartz vein exposed in a road cutting across a strike ridge. Panning of the samples collected from this quartz vein showed more than 100 specks of gold. DGML has also carried out ground geophysical surveys to explore further in the block.

Conclusion:

The southern parts of the Attappady RP around NSS and Pothupadi farm areas show presence of many rock chip anomalies and stream sediment anomalies within an area of 18 sq.km. These are the most promising within the Attappady RP. A detailed geochemical sampling followed by ground geophysical survey and drilling would be carried out to explore the southern part of Attappady RP.

VI. BHARAK SILVER DEPOSIT

DGML has filed a Mining Lease application in Bharak area of Bhilwara district in Rajasthan. Bharak is a moderate sized silver deposit. Bharak is 50 km south-west of Bhilwara on Bhilwara-Kankroli highway. Geological Survey of India explored the 6.5 kms long Bharak-Surawas belt during the years 1985-90 and targeted the northern block called as Baghera block for silver mineralization. The Bharak-Baghera block is part of the Bhilwara super group of rocks and considered to be the strike extension of the famous Rajpura-Dhariba belt in the south where Hindustan Zinc Ltd is mining for lead and zinc (Fig. 8).

Geological Survey of India has drilled a total of 25 boreholes in the Baghera block and established a 465 metre long mineralized zone of silver. Mineralisation is confined to a zone of 3 metres at the contact of siliceous dolomite and calc-silicate. The GSI has estimated a resource of 42.18 tonnes of silver under probable and 89 tonnes of silver under possible categories. The summary of the resource estimated is given in the table below:

Category	Tonnage	Silver gramme/tonne	Silver tonnes
Probable	74974	562	42.18
Possible	159511	562.45	89
	234485		131.18

DGML has purchased the report of the GSI and the data is being processed in datamine software. Detailed exploration including drilling will follow once the mining lease is granted.

V. RAMGIRI BELT PROJECT

The **Ramagiri** belt forms the southern half of the Ramagiri-Penkacherla greenstone belt. Ramagiri is located 40km south-southeast of Anantapur and 180km due north of Bangalore. It is one of the important gold-bearing greenstone belts of the Eastern Dharwar Craton.

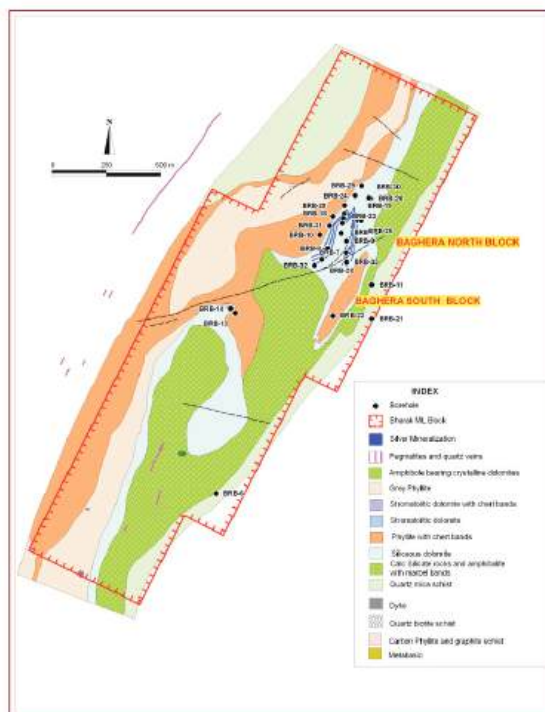


Fig. 8 : Geology of Bharak Silver Prospect and Bharak ML Block, Rajasthan



DECCAN GOLD MINES LIMITED

The Ramagiri RP block comprises the well known 13 km long Ramagiri Gold Field (RGF) that was a scene of intensive underground mining activity by the Britishers in the early part of the last century. Three main mining ventures in this tract produced about 176,338 ounces of gold at a recovered grade of around 15 g/t from high-grade veins in the years 1910 to 1927. Until April 2001, the Government of India owned Bharat Gold Mines Ltd. (BGML) was operating the underground Yeppamana Mine in the RGF. The GSI, has reported gold ore resource of 590,000 tonnes @ 3.7 g/t under different categories from the RGF and also an inferred resource of 3.96 million tonnes averaging 1.32 g/t to 5.6 g/t of gold.

DGML's Exploration resulted in delineating 3 blocks (Fig. 9) worthy of detailed exploration by drilling. These are:

- 1) Ramagiri Gold Field block (RGF) - 20 sq km area
- 2) Boksampalle block - 17 sq km area
- 3) Ramagiri west block - 18 sq km area

PL applications filed on the first two blocks are under processing by the Govt. of Andhra Pradesh. The extension of the BGML's lease hold, **Power House mine and the South Jibutil mine** fall within DGML's 20 sqkm Ramagiri Gold Field P.L. block.

A. Ramagiri Gold Fields (RGF):

The Yappamana and Gantlappa mines The Yeppamana mine was in operation until April 2001 by Bharath gold mines limited. The Gantlappa mine produced 12,000t of ore at 8g/t. Detailed drilling by the GSI in the late 60s reported the presence of several ore shoots. A resource of 1.14 mt of ore of 3.32 to 5.6 g/t grade upto a depth of 300m has been estimated. The average width reported is 1.98 m. Details are contained in unpublished reports of GSI, which DGML proposes to purchase as soon as the Govt. grants the Prospecting Licence.

The Power House Mine

The power House mine is located to the south of the Gantalappa mine. It is reported to have produced about 4000t of ore with 17.6g/t. The GSI tested this mine with 12 diamond drill holes, and reported narrow widths of 0.18 to 0.29m but with high grades of 8.4 to 52.7g/t.

South Jibutil Mine

South Jibutil mine is located south of Powerhouse mine. Earlier work has identified two rich gold bearing ore shoots in the Jibutil prospect of which the main ore shoot yielded 13.6 to 37.5g/t Au. The two ore shoots merge at 800 metre depth to give rise to wide ore body.

DGML's sampling has shown anomalous gold values in this prospect. A 50 cm wide quartz vein with sulphides analysed 1.67 to 3.83 ppm of gold. Rock-chip sampling from an outcrop NE of Shaft No. 5 has analysed 2 g/t Au. Dump samples from the old mines reported 3 to 17g/t Au. Detailed prospecting is proposed to be undertaken in the Jibutil area in the light of these encouraging results.

B. Boksampalle block: mineralisation in sheared granites:

The 2 kms long Boksampalle block is situated close to the southern termination of the Ramagiri greenstone belt and consists of a series of gold bearing sulphidic quartz veins traversing fractured granite. A wide mineralized zone of 4.2m to 62.12m, is delineated over a length of 350 m.

Randomly collected rock-chip samples assayed 0.23 g/t to 3.49 g/t. The vein quartz zone is 2 km long with surface width of 2 to 25m within a narrow and steep sheet of granite intruding metabasalt.

This block was explored by the GSI resulting in intersections of 2.54g/t at 6.29m and 1.20g/t at 9.18m. One of the boreholes intersected a series of quartz veins within sheared granite averaging 0.47g/t of gold over a width of 26.92m.

DGML plans to explore the Boksampalle block by detailed drilling once the Prospecting Licence is granted.

Boksampalle North Prospect:

Surface rock chip sampling of vein quartz, from shear zones in basic volcanics, has been carried out at various locations on this prospect. Three separate shear zones yielded assay results of 15.6 g/t, 13.8 g/t and 8.89 g/t.

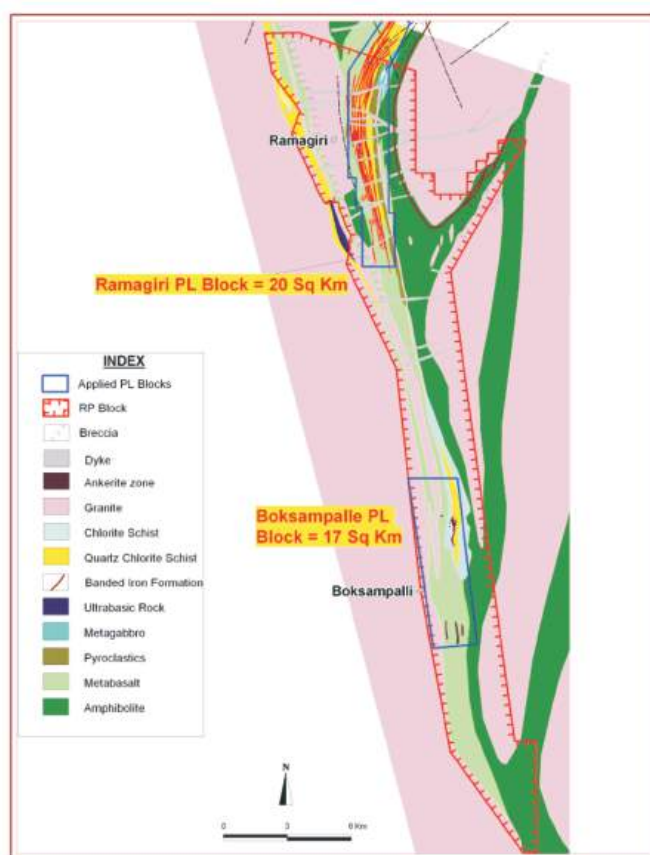


Fig 9 : Geological map of the Ramagiri RP Block, showing the applied PL Blocks



ANNUAL REPORT - 2007

Conclusion on Ramagiri Belt

DGML believes that the Ramagiri greenstone belt is under explored. The Ramagiri Gold Fields comprises of several mines of which Power house, Jibutil Mine falls within the PL application of GMSI. Yeppamana and Ramagiri mines are part of the BGML mining lease. A lot of ground between one mine and another remains still unexplored.

The historical data on mining as well as the present knowledge acquired by DGML makes this area an important target for exploration. The exploration will focus on tracing the depth and strike continuity of the known gold bearing ore shoots and locating new ore shoots and mineralized zones.

VI. THE MANGALUR BELT PROJECT

The Mangalur greenstone belt is 25km long and 4 to 5km wide, located 40 km north of the Hutti gold mines (Fig. 10). Data from earlier exploration by GSI and our own work involving multi-element geochemical analysis of samples from different parts of the belt have brought to light two prospects viz; **Jainapur prospect and Mangalur village (Brahmin's well prospect)**. Both these prospects are situated on either side of the Mangalur (Mukangavi) Gold Mine held previously by Hutti Gold Mines Ltd. Geomysore Services in association with DGML has filed 3 PL applications viz- Mangalur block (1.2 sq km), Jainapur block (1.1 sq km) and Mukangavi block (4.5 sq km). Further exploration by drilling will be undertaken upon grant of these licences. Amongst these, the Mangalur block is an exciting prospect which was earlier mined by John Taylor and sons. The John Taylor report points out that the Mangalur village block workings was explored by shaft sinking and 3 level development upto 300 feet. As per the report, the quartz lode at 150 feet level had analysed gold values of 24 g/t, 31 g/t 14 g/t and 31 g/t between 70 to 100 feet. Similarly the north drive analysed very high gold values including 76 g/t and 105 g/t.

DGML during its RP tenure collected a few samples from this area which showed 14 and 65g/t Au with significant silver content. Orientation geochemical sampling along east-west profiles also indicated 40 metre wide gold-Arsenic anomaly coinciding with the inferred Mangalur Village block mineralization.

Sitting on either end of the HGML's Mangalur mine, Jainapur and Mangalur village prospects are considered very good exploration targets.

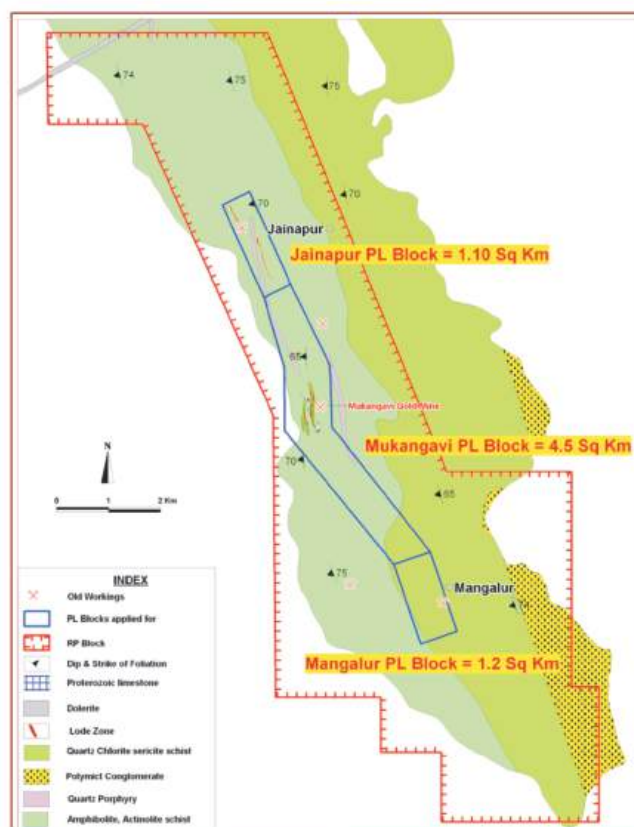


Fig 10 : Geological Map of Mangalur RP Block, showing DGML's PL applications



EXPLORATION PERMITS & APPLICATIONS

Based on results of reconnaissance exploration carried out in R.P. Blocks, several PL applications and a few ML have been filed as listed in the *Tables 1 & 2*.

Encouraged by the results of reconnaissance exploration including R.C drilling, M.L. applications have been filed on 4 areas where drill indicated resources have been estimated and recorded in our reports to Government (*See Table 2*).

Table 1

DECCAN GOLD MINES LTD. (DGML) PL APPLICATIONS BY DECCAN GOLD MINES LTD.,

PL No.	Block Name	District	State	Area in sq km	Date of Application
DGML-PL-1	Kempinkote	Hassan	Karnataka	4	29.8.2003
DGML-PL-2	Puttumala	Palakkad	Kerala	81	7.3.2005
DGML-PL-3	Maruda	Malappuram	Kerala	9	1.2.2006
3		Total		94	
PL APPLICATIONS OF INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PVT. LTD. (IRES) & SELECTED PL APPLICATIONS OF GEOMYSORE SERVICES (INDIA) PVT.LTD. (GMSI)					
IRES-PL-1	Hutti North	Raichur	Karnataka	5	1.8.2003
IRES-PL-2	Ganajuru-Karjagi	Haveri-Dharwar	Karnataka	2.3	17.10.2003
IRES-PL-3	Uti	Raichur	Karnataka	2.9	14.1.2004
IRES-PL-4	Yatkal-Hirenagnur	Raichur	Karnataka	28	1.10.2004
IRES-PL-4A	Hirenagnur	Raichur	Karnataka	1.8	28.4.2006
IRES-PL-5	Wandalli	Raichur	Karnataka	90	21.10.2004
IRES-PL-6	Kulavalli	Belgaum	Karnataka	2	15.10.2004
IRES-PL-7	Yelagatti	Raichur	Karnataka	9	17.12.2004
IRES-PL-8	Turkara-Sigihalli	Belgaum	Karnataka	1.7	31.12.2004
IRES-PL-9	Bhavihal	Dharwad	Karnataka	1.5	4.1.2005
IRES-PL-10	Mangalagatti	Dharwar	Karnataka	4	11.1.2005
IRES-PL-11	Ganajur-Extension	Haveri	Karnataka	8	12.1.2005
IRES-PL-12	Lakkikoppa	Haveri	Karnataka	5	22.3.2005
IRES-PL-13	Palkanmardi	Raichur	Karnataka	6	28.2.2006
IRES-PL-14	Bullapur	Raichur	Karnataka	7	15.3.2006
GMSI-PL-3	Ramagiri	Anantapur	Andhra Pradesh	20	23.8.2003
GMSI-PL-4	Sanbal-Maski	Raichur	Karnataka	14.7	29.8.2003
GMSI-PL-5	Buddini	Raichur	Karnataka	8	29.8.2003
GMSI-PL-7	Mangalur	Gulbarga	Karnataka	1.2	7.11.2003
GMSI-PL-8	Jainapur	Gulbarga	Karnataka	1.1	7.11.2003
GMSI-PL-12	Udbal-Dinnisamudra	Raichur	Karnataka	35	14.1.2004
GMSI-PL-14	Boksampalle	Anantapur	Andhra Pradesh	17	26.8.2004
GMSI-PL-28	Virapur	Raichur	Karnataka	7	1.10.2004
GMSI-PL-29	Mukangavi	Gulbarga	Karnataka	4.5	7.10.2004
24		Total		282.7	

IRES : Indophil Resources Exploration Services (India) Pvt. Ltd. is a 100% owned subsidiary of DGML

GMSI : Geomysore Services (India) Pvt. Ltd.

PL : Prospecting Licence

Table 2

DECCAN GOLD MINES LTD. (DGML) ML APPLICATIONS BY DECCAN GOLD MINES LTD. & INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PVT. LTD.

ML Nos.	Block Name	District	State	Area in sq km	Date of Application
IRES-ML-1	Mangalagatti	Dharwad	Karnataka	0.24	9.1.2004
DGML-ML-1	Bharak	Bhilwara	Rajasthan	0.9	16.4.2005
				(Area reduced)	
IRES-ML-2	Ganajur	Dharwad	Karnataka	0.29	8.6.2006
IRES-ML-3	Hirenagnur	Raichur	Karnataka	0.65	9.6.2006

ML : Mining Lease 4 MLs = 3.18 sq km



New R.P. Applications: DGML undertook in-house literature research supported by some field data and selected the following areas for 9 new R.P. applications, as listed below (Table 3).

Table 3

RP No.	Block Name	District	State	Area in sq km	Date of Application
DGML-RP-1	Attappadi*	Palakkad	Kerala	834	3.1.2006 (Date of Execution)
DGML-RP-2	Hutti South	Raichur	Karnataka	1000	26.2.2004
DGML-RP-3	Hiriyur	Chitradurga & Tumkur	Karnataka	596	17.3.2004
DGML-RP-4		Harapanahalli Bellary & Dharwad	Chitradurga, Karnataka	1370	3.3.2004
DGML-RP-5	Ramagiri	Anantapur	Andhra Pradesh	2430	19.6.2004
DGML-RP-7	Mangalur Jainapur	Gulbarga	Karnataka	408	3.8.2004
DGML-RP-8	Mavinahole	Shimoga	Karnataka	188	10.1.2005
DGML-RP-10	Ranibennur	Haveri, Bellary & Chitradurga	Karnataka	2685	5.1.2006
TOTAL : 9 RP's				10,711 sq km	

* RP granted by Government of Kerala
RP = Reconnaissance Permit