DECCAN GOLD
MINES LIMITED

Deccan Gold Mines Limited

(Our Company was originally incorporated as Wimper Trading Limited on November 29, 1984 under the Companies Act, 1956 with the Registrar of Companies, Mumbai, Maharashtra. The name of our Company was changed to Deccan Gold Mines Limited and fresh Certificate of Incorporation was issued by the Registrar of Companies, Mumbai on March 19, 2003. The Corporate Identification Number of our Company is L51900MH1984PLC034662)

Registered Office: Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Tel No: +91 22 3304 0797; Fax No: +91 22 3304 0779
Corporate Office: No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru - 560 102
Tel. No.: +91 80 6715 5700; Fax No.: +91 80 6715 5701
Compliance Officer: Mr. S. Subramaniam, Company Secretary
E-mail: info@deccangoldmines.com; Website: www.deccangoldmines.com

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF DECCAN GOLD MINES LIMITED ONLY

DRAFT LETTER OF OFFER

ISSUE OF 29,609,125 EQUITY SHARES* OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF DECCAN GOLD MINES LIMITED ("DECCAN" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 15 (INCLUDING SHARE PREMIUM OF ₹ 14) PER EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT OF ₹ 444.14 MILLIONS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE "ISSUE"). THE ISSUE PRICE IS 15 TIMES THE FACE VALUE OF THE EQUITY SHARES.

** If any option is exercised under the "Deccan Gold Mines Limited Employees Stock Option Scheme 2014" before the Record Date, the number of Equity Shares to be issued under the Rights Issue will increase proportionately in the Rights Entitlement ratio. For details refer to the section titled "Capital Structure" on page 29 of the Draft Letter of Offer.*

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in the issue have not been recommended or approved by the Securities and Exchange Board of India, **("SEBI")**, nor does SEBI guarantee the accuracy or adequacy of the Draft Letter of Offer. **Investors are advised to refer to the section titled "Risk Factors" given on page 8 before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited (BSE). We have received "in-principle" approval from BSE for listing the Equity Shares to be allotted in the Issue vide its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
SPA Capital Advisors Limited SEBI Reg. No.: INM 000010825 25, C - Block Community Centre, Janak Puri, New Delhi - 110 058 Tel.: +91 11 4567 5500, 2551 7371 Fax: +91 11 2553 2644 E-mail: dgml.rights@spagroupindia.com Investor Grievance e-mail id: grievances.mb@spagroupindia.com Website: www.spacapital.com Contact Person: NitiN Somani	**Link Intime India Private Limited** SEBI Regn. No.: INR000004058 C-13, Pannalal Silk Mills Compound, LBC Marg, Bhandup (West), Mumbai - 400 078 Tel.: +91 22 6171 5400 Fax: +91 22 2596 0329 E-mail: dgml.rigths@linkintime.co.in Investor Grievance e-mail id: dgml.rigths@linkintime.co.in Website: www.linkintime.co.in Contact Person: Dinesh Yadav

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
"Deccan" / "Company" / "Issuer" / we / us / our	Unless the context otherwise requires, refers to, Deccan Gold Mines Limited, a public limited company under the Companies Act, 2013 and will include our Subsidiary
Articles of Association	The Articles of Association of our Company, as amended from time to time
Statutory Auditors / Auditors	The Statutory Auditors of our Company, M/s. V.K. Beswal & Associates, Chartered Accountants (Firm Registration No. 101083W)
Board of Directors / Board	The Board of Directors of our Company, unless specified otherwise
Directors / our Directors	The Director(s) on the Board of our Company, unless otherwise specified
Equity Shares	Equity share of our Company of face value ₹ 1 each
GMSI	Geomysore Services (India) Private Limited
Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Promoter	The promoter of our Company namely, Rama Mines (Mauritius) Limited
Registered Office	Registered Office of our Company situated at Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Subsidiary Company / DESPL	The subsidiary company of our Company, namely Deccan Exploration Services Private Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The Abridged Letter of Offer sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allotment / Allotted	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee(s)	Persons to whom our Equity Shares will be issued pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholders and / or Renouncees who are entitled to apply or have applied for Equity Shares under the Issue, as the case may be
ASBA / Application Supported by Blocked Amount	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the amount payable on application in the ASBA Account.
ASBA Account	Account maintained with an SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be.
ASBA Investor(s)	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who (i) are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and / or additional Equity Shares in dematerialized form; (ii) have not renounced their Rights Entitlements in full or in part; (iii) are not Renouncees; and (iv) are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs, Non-Institutional Investors and other Investors whose application value exceeds ₹ 2,00,000 complying with the above conditions must participate in this Issue through the ASBA Process only.

Term	Description
Banker(s) to the Issue	[●]
Composite Application Form / CAF	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	The single certificate issued by our Company to each Allottee per folio to whom Equity Shares are allotted in physical form pursuant to the Issue.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock Exchange	The Designated Stock Exchange for this Issue shall be BSE Limited
Draft Letter of Offer	The Draft Letter of Offer dated March 27, 2015, filed with SEBI for its observations, which does not contain complete particulars of the Issue.
Eligible Equity Shareholder(s)	Equity Shareholders of our Company as on the Record Date
Equity Shares	Fully paid up equity shares of our Company having a face value of ₹ 1 each
Issue / Rights Issue	Issue of 29,609,125 Equity Shares of face value of ₹ 1 each ("Equity Shares") of Deccan Gold Mines Limited ("Deccan" or the "Company" or the "Issuer") for cash at a price of ₹ 15 (including share premium of ₹ 14) per Equity Share ("Issue Price") for an aggregate amount of ₹ 444.14 Millions to the Eligible Equity Shareholders on rights basis in the ratio of 1 Equity Share for every 2 Equity Shares held by the Eligible Equity Shareholders on the record date, i.e. [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ 15 per Equity Share
Issue Proceeds	The monies received by our Company pursuant to the issue of Equity Shares on Rights basis which are allotted pursuant to the Issue
Issue Size	The issue of 29,609,125 Equity Shares aggregating to ₹ 444.14 Millions
Lead Manager	SPA Capital Advisors Limited
Listing Agreement	The listing agreement entered into between us and the Stock Exchange
Non Institutional Investor(s)	Non institutional investor as defined under Regulation 2(1)(w) of the SEBI ICDR Regulations.
"Qualified Foreign Investor(s)" / "QFI(s)"	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in a country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; and (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
Qualified Institutional Buyer(s) / QIB(s)	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 millions, pension fund with minimum corpus of ₹ 250 millions, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the

Term	Description
	Department of Posts, India
Record Date	[●]
Registrar / Registrar to the Issue	Link Intime India Private Limited (SEBI Regn. No.: INR000004058) having its registered office at C - 13, Pannalal Silk Mills Compound, LBC Marg, Bhandup (West), Mumbai - 400078.
Renouncees	Any person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled, that is determined as a proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date, i.e., 1 Equity Share for 2 Equity Shares held on [●].
Self Certified Syndicate Bank / SCSB	Self Certified Syndicate Bank(s), registered with SEBI, which acts as a Banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Stock Exchange	BSE Limited, where our Equity Shares are presently listed
Working Day	Any day, other than Saturday or Sunday or public holidays, on which commercial banks in India are open for business.

Conventional / General Terms and Abbreviations

Term	Description
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
Companies Act	Means the Companies Act, 1956 or the Companies Act, 2013, as may be applicable, as amended or substituted by any statutory modification / re-enactment thereof
CDSL	Central Depository Services (India) Limited
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
DGMS	Directorate General of Mines Safety
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting
EPS	Earnings per Equity Share
ESOP	Employees Stock Option Plan
FCCB	Foreign Currency Convertible Bonds
FIs	Financial Institutions
Foreign Institutional Investor / FII	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014
Financial Year / Fiscal Year / FY	Twelve months ending on March 31 of a particular year
FVCI	Foreign venture capital investor, registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GoI	Government of India
GPS	Global Positioning System
Ha	Hectares
HUF	Hindu Undivided Family
IBM	Indian Bureau of Mines
Indian GAAP	The generally accepted accounting principles in India
Listing Agreement	The equity listing agreement signed between our Company and the Stock Exchange

Term	Description
MCR	Mineral Concession Rules, 1960
MMRDA	Mines and Minerals (Regulation and Development) Act, 1956, as amended from time to time
ML	Mining Lease
MoEF	Ministry of Environment and Forests
MoM	Ministry of Mines, Government of India
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NSDL	National Securities Depository Limited
MMDR Ordinance, 2015	Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015, notified on January 12, 2015
PL	Prospecting Licence
RBI	Reserve Bank of India
RONW	Return on Net Worth
RP	Reconnaissance Permit
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SRK	SRK Mining Services (India) Private Limited, an independent consulting firm engaged for study of mineral resource estimate

Technical / Industry related terms

Term	Description
g/t Au	Grams per tonne of gold
Drilling	Drilling is the culmination of the mineral exploration process where the third dimension of a prospect, the subsurface geometry, is defined. Drilling is a cutting process that uses a drill bit to cut or enlarge a hole of circular cross-section in solid materials. The drill bit is a rotary cutting tool, often multipoint. Drilling methods are Diamond core, RC (Reverse circulation) etc.
Exploration	Prospecting, sampling, mapping, drilling and other work involved in searching for ore.
Grade	Proportion (by weight) of the valuable element within the mineralized rock
Indicated Mineral Resources	As per the JORC Code, an indicated mineral resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
Inferred Mineral Resources	As per the JORC Code, an inferred mineral resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
JORC Code	2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km.	kilometers
Open pit mine	An excavation or cut made at the surface of the ground for the purpose of extracting ore and which is open to the surface for the duration of the mine's life. Open pit or open cast mining is usually employed to exploit a near-surface deposit or one that has a low stripping ratio.

Term	Description
Ore	A mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical composition to make extraction economic.
Reserve	Reserve is the economically mineable part of an Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Resources	Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characterstics of a Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Sq. km.	Square kilometer
Surface rights	Ownership of the surface land
Tonne	Metric tonne equivalent to 1,000 kilograms
UNFC	United Nations Framework Classification for Fossil Energy and Mineral Resources

CURRENCY OF FINANCIAL PRESENTATION

In the Draft Letter of Offer, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lac / Lakh" means "one hundred thousand", the word "million (mn)" means "ten lac / lakh", the word "Crore" means "ten million" and the word "billion (bn)" means "one hundred crore". In the Draft Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout the Draft Letter of Offer, unless otherwise stated, all figures have been expressed in thousands ('000) and / or millions. Unless indicated otherwise, the financial data in the Draft Letter of Offer is derived from our Company's audited financial statements as on March 31, 2014 and limited reviewed unaudited financial statements as on September 30, 2014 prepared in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and other statutory and / or regulatory requirements and are included in the Draft Letter of Offer as required under the SEBI ICDR Regulations. Unless indicated otherwise, the operational data in the Draft Letter of Offer is presented on a basis and refers to the operations of our Company. In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in the Draft Letter of Offer, see the section 'Definitions and Abbreviations' on page 1 of the Draft Letter of Offer.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout the Draft Letter of Offer was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

FORWARD LOOKING STATEMENTS

Certain statements in the Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the chapters “Risk Factors”. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in the Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in technology in future;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to “Risk Factors” on page 8 of the Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, we and Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risk we may face. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. In making an investment in this Issue, prospective investors must rely on their own examination of our Company and terms of the Issue. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

INTERNAL RISK FACTORS

1. ***There are certain material legal proceedings involving us that, if determined against us, could have a material adverse impact on our financial condition and results of operations.***

   There are material outstanding legal proceedings involving our Company and Subsidiary that, if determined against us, could have a material adverse impact on our business prospects, financial condition and results of operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against us by courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability.

   A summary of the litigations against our Company is as under:

Nature of litigation	No. of cases	Amount (₹ in millions)*
Petition filed by shareholder with Company Law Board	1	-
Total	**1**	**-**

   * Not ascertainable

   A summary of the litigations against our Subsidiary Company is as under:

Nature of litigation	No. of cases	Amount (₹ in millions)*
Civil Proceedings	1	-
Total	**1**	**-**

   * Not ascertainable

   A summary of the litigations filed by our Subsidiary Company is as under:

Nature of litigation	No. of cases	Amount (₹ in millions)*
Civil Proceedings	1	-
Revision Proceedings before Mines Tribunal	2	-
Total	**3**	**-**

   * Not ascertainable

   We cannot provide any assurance that these matters will be decided in our favor. Further, there is no assurance that similar proceedings will not be initiated against us in the future. For further details of the cases mentioned above, please see “Outstanding Litigations” on page 94 of the Draft Letter of Offer.

2. ***The funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised. Further, the deployment of the Issue proceeds is entirely at our discretion and is not subject to any monitoring by an independent agency.***

   Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Such estimates are based on market conditions and management expectations as of the date they were made. This may result in the rescheduling of our expenditure program and an increase in our proposed expenditure for particular project and our results of operations may be adversely impacted.

Further we have not appointed any independent monitoring agency to monitor the utilization of the proceeds raised from this Issue. The Issue proceeds will be utilized at the sole discretion of the Board of Directors of our Company. For further details refer to section titled "Objects of the Issue" on page 33 of the Draft Letter of Offer.

3. ***A substantial portion aggregating ₹255.59 million, which is approximately 57.55% of our Issue Size, will be utilized by our Subsidiary for exploration activities and, mine plan and designing, environmental studies, feasibility studies, topographic survey and comprehensive metallurgical studies and will not result in creation of any tangible assets.***

Out of the investment proposed to be made in our Subsidiary through the proceeds from the Issue, our Subsidiary will be utilizing ₹ 255.59 million, which is approximately 57.55% of our Issue size, for (i) exploration activities for mining prospects and (ii) mine plan and designing, environmental studies, feasibility studies, topographic survey and comprehensive metallurgical studies for Ganajur Gold Project. These costs will not result in the creation of any tangible assets.

4. ***We propose to utilize an amount of ₹ 94 million for General Corporate Purpose which constitutes 21.16% of the Issue Size, but no firm steps for utilization of the amount has been taken.***

Out of ₹ 444.14 million, we intend to utilized ₹ 94 millions constituting 21.16% of the Issue Size, towards the General Corporate Purposes, including but not restricted to working capital, further investments in subsidiary(ies) / joint ventures, further exploration or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. For further details, please refer to the Section titled "Objects of the Issue" on page 33 of the Draft Letter of Offer.

5. ***Our Company is engaged in the business of gold exploration and mining, but has not commenced mining operations.***

Our Company has not commenced mining operations. Our Company had nil / insignificant revenue from operations on standalone basis in the last five financial years ended March 31, 2014, 2013, 2012, 2011 and 2010 as our Company is yet to receive requisite approvals for commencement of mining operations.

As a result of nil income from operations, we have incurred losses in the last five consecutive financial years on standalone and consolidated basis as under:

(₹ In millions)

Particulars	**Year Ended March 31**				
	2014	**2013**	**2012**	**2011**	**2010**
Revenue from operations – Standalone basis	Nil	Nil	Nil	Nil	0.58
Revenue from operations – consolidated basis	Nil	Nil	Nil	27.62	12.02
Profit / (Loss) after tax – Standalone basis	(3.36)	(10.21)	(10.62)	(11.51)	(6.26)
Profit / (Loss) after tax – Consolidated basis	(3.43)	(10.37)	(9.60)	(5.21)	(6.31)

If we do not get Mining Lease, we cannot assure you that we will be able to commence mining operations or not incur losses in future periods.

6. ***Our Promoter, Rama Mines (Mauritius) Limited, have informed us that they may not subscribe to their Rights Entitlement in full. In case the minimum subscription is not received, arising as a result of Promoter not subscribing to their Rights Entitlement, the Issue may devolve and the business plans of our Company may be adversely affected.***

Our Promoter, Rama Mines (Mauritius) Limited, have informed us vide their letter dated March 24, 2015 stating that they may not subscribe to their Rights Entitlement in full under the Rights Issue and may also consider renouncing their Rights Entitlement. Further, if the Company does not receive the minimum subscription under the Issue (i.e. 90% of the Issue Size, including Equity Shares applied for by our Promoter), the Issue may devolve and we will have to refund the application money to the applicants, which may adversely affect our business plans. For details of the same, refer to 'Capital Structure' and 'Minimum Subscription' clause under the section titled 'General information' on page 29 and page 28 of the Draft Letter of Offer respectively.

7. ***We do not have any mining lease as on the date of the Draft Letter of Offer. If we are not able to obtain, maintain and renew such mining leases, approvals and clearances on acceptable terms, our business plans could be adversely affected.***

Our exploration and mining activities depend on the grant, renewal or continuance in force of prospecting / mining leases which are valid only for a definite period of time and may provide for early termination. As on date, a total of 15 Prospecting License applications (PL) and 3 Mining Lease (ML) applications have been submitted by us and our Subsidiary, which are pending for approval with relevant authorities. Further, we have also entered into agreement to transfer 3 RPs from Geomysore Services (India) Private Limited ("GMSI"), a company engaged in the business of exploration of gold mines, under which GMSI has applied for 7 PLs with the concerned State Government.

There can be no assurance in future that we will be able to obtain mining leases on acceptable terms or in a timely manner, or, if obtained, that such rights may not involve conditions that restrict our ability to conduct our operations or to do so profitably. Moreover, in India, obtaining new mining leases is time-consuming and requires the review and approval of several Indian governmental authorities. Furthermore, private individuals and the general public possess rights to comment on and otherwise engage in the licensing process, including through intervention in courts and political pressure. The relevant laws and regulations are often unclear and may not be consistently applied. Mining leases will contain various obligations and restrictions, including the requirement for commencing operations within two years of the grant of the lease and for seeking prior Government approval for assignment or any other form of transfer of the lease.

We cannot assure you we will be able to obtain all our leases, which will have a material adverse effect on our business plan, results of operations and financial condition.

8. ***Our Company had entered into agreement(s) for transfer of certain RPs in its name in the past, but the said RPs, or the PLs arising out of such RPs have not been transferred to our Company till date. In the event we fail to get the PLs, as and when they arise out of such RPs, transferred in our name, our business prospects and growth plans may be adversely affected.***

We have executed three agreements with Geo-mysore Services (India) Private Limited ("GMSI") for transfer of three RPs originally applied for by GMSI and / or the PLs arising out of such RPs. The details of the agreements entered into are as under:

(₹ in millions)

Transferor	**Transferee**	**Date of agreement**	**Asset mentioned in agreement**	**Area (sq. km.)**	**Consider-ation**
GMSI	DGML	May 22, 2003	Hutti Maksi: RP No. 4/2000 dated November 03, 2000	315	1.00
GMSI	DGML	May 22, 2003	Mangalur: RP No. 5/2000 dated November 03, 2000	125	0.10
GMSI	DGML	May 22, 2003	Ramagiri: RP No. 345/MI/ 2001 dated February 2, 2001	260	0.50

Further, the Board of our Company has proposed acquisition of Geomysore Services (India) Private Limited, including amalgamation of the same with our Company. However, at its meeting held on September 23, 2014, the Board had decided that the proposed takeover of GMSI would be revisited as and when the drilling data becomes available from GMSI in respect of the 5000 mtrs drilling at the Jonnagiri Gold Project and an appropriate decision be taken at that time.

If we fail to get the PLs arising out of the three RPs transferred in the name of our Company from GMSI, it will adversely impact our business prospects and growth plans. For further details on agreements entered into with GMSI and the present status of the applications for PLs arising out of RPs as aforesaid, refer to section titled "History and Certain Corporate Matters" and "Government and other Approvals" on page 50 and on page 97 of the Draft Letter of Offer respectively.

9. ***The Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 (the "Ordinance") has amended the Mines and Minerals (Development and Regulation) Act, 1957, as a result of which, some of our applications have become ineligible by way of Section 10A of the MMDRA. The regulatory framework for mining industry in India is evolving, and any further regulatory changes, as and when introduced, could have a material adverse effect on our business, financial condition and results of operations.***

   On January 12, 2015, the Government of India has come out with Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 which has amended the existing Mines and Mines and Minerals (Development and Regulation) Act, 1957. On March 20, 2015, Mines and Minerals (Development and Regulation) Amendment Bill, 2015 has been passed by the Parliament but yet to be published in the gazette. Though the majority of the applications are protected under Section 10A of the Act, certain of our applications have become ineligible as per the newly inserted Section 10A of the Act. For details of such applications, refer to the Section titled "Government and other approvals" on page 97 of the Draft Letter of Offer.

10. ***Grant of ML to the Company through its subsidiary, DESPL, against applications which have originated directly from a granted RP is subject to the discretion of the Central/State Government.***

   The terms of the Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 which came into force from January 12, 2015, provides that if any RP or PL has been granted in respect of a land for any mineral prior to coming into the force of the Ordinance, such permit holder/licensee shall have the right to obtain a PL followed by ML, or an ML, as the case may be. Due to the aforesaid, grant of ML to DESPL against applications for MLs which have arisen directly from an RP is subject to the discretion of the Central/ State Government.

11. ***Our Company's financial results depend on the financial performance of our Subsidiary and its ability to declare and pay dividends.***

   We are a holding company and conduct most of our business operations through our Subsidiary. The ability of the Subsidiary to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends. In the event of a bankruptcy, liquidation or reorganization of a Subsidiary, our Company's claim in the assets of such Subsidiary as a shareholder remains subordinated to the claims of lenders and other creditors.

12. ***The information relating to gold reserve and resource base are estimates, and our actual production, revenues and expenditure with respect to our reserves and resources may differ materially from these estimates.***

   Our future performance depends on, among other things, the accuracy of our estimates of our reserve and resource base. We base our estimates of our reserve and resource base on geological, engineering and economic data collected and analyzed by consulting geologists and mining advisors and subsequently reviewed by an independent competent person. For purpose of reporting Mineral Resources/Reserves, we follow the United Nations Framework Classification for Fossil Energy and Mineral Resources ("UNFC Framework") adopted by the Ministry of Mines, Government of India as well as the internationally accepted Australasian Code for Reporting of Exploration Results known as "JORC Code" (Joint Ore Reserves Committee). The methodology followed for estimation of gold reserves and resources is a standard one but their classification under the UNFC is different from that followed under the JORC, which unlike UNFC is certified by an independent competent person. As another example, the UNFC Framework is 3 dimensional and has 36 categories of resource / reserves while JORC Code is 2 dimensional and has only 5 categories.

   We have followed the UNFC Framework for our reserve and resource estimation mandated and adopted by the Ministry of Mines and intend to continue to follow the UNFC Framework for such reserve and resource base estimation and reporting as a listed company following this Offer. Consequently, your ability to evaluate our reserve and resource base following this Offer will be dependent upon your familiarity with the UNFC Framework. Additionally, any estimates of reserves and resources that we may report following this Offer may not provide you with a basis for comparison of our estimated reserve and resource base with that of other listed mining companies.

Reserve / resource estimation is a subjective process of estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve / resource estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Estimates of different experts may vary, and results of mining and production subsequent to the date of an estimate may lead to revision of estimates. If our reserve / resource estimates differ materially from gold quantities that we may actually recover, estimates of mine life may prove inaccurate and market price fluctuations and changes in operating and capital costs may render gold deposits uneconomical to mine. If this occurs, we may need to revise our gold reserves / resource downwards, which may adversely affect the life of mine, and consequently affect the aggregate value of mining asset base.

There are various factors and assumptions inherent in the estimation of our reserve and resource base and the cost associated with mining such reserves that may materially differ from actual production, revenues and expenditure with respect to our reserves including: interpretation of geological and geophysical data; geological and mining conditions, which may not be fully identified by available exploration data; grade of the gold and the grade of gold ultimately recoverable; gold mined is of a lower grade than expected; the assumed effects of regulation and taxes and other payments to governmental agencies; assumptions concerning the timing for the development of the reserves; and assumptions concerning equipment and productivity, future gold prices, operating costs, including for critical supplies such as fuel and explosives, capital expenditures and development costs. Many of the factors, assumptions and variables involved in estimation of our reserve and resource base are based on data that are currently available and subject to variations over time.

No information relating to our reserve and resource base included in this Draft Letter of Offer should be interpreted as assurance of the economic lives of our gold reserves and resources or the profitability of our future operations. Any material inaccuracy in, or future variations from, our estimates related to our reserves and resources could result in decreased profitability from lower than expected revenues and / or higher than expected costs, which could adversely affect our business prospects, financial condition and the price of our Equity Shares. You should therefore not place undue reliance on the gold reserve and resource data contained in this Draft Letter of Offer.

13. ***If we are unable to successfully acquire and develop additional reserves, our business prospects and growth plans may be adversely affected.***

There can be no assurance that our planned development and exploration projects and acquisition initiatives will result in additional reserves or that such reserves will result in profitable mining activities being able to be carried. In particular, we may not be able to successfully identify new exploration areas with appropriate geophysical or geological conditions, or we may not receive prospecting licences for any such areas identified, thereby reducing our ability to locate further ore bodies.

Exploration activities involve significant cost and we cannot assure you that we will be able to recover such costs. New ore reserves may not be available when required. Our ability to acquire additional ore reserves in the future could be limited by restrictions under future debt agreements, competition from other gold mining companies, lack of suitable acquisition of opportunities, government regulatory and licensing restrictions, difficulties in obtaining mining leases and surface rights or the inability to acquire such properties on commercially reasonable terms. In addition, we may not be able to accurately assess the geological characteristics of any ore reserves that we acquire. Because the value of ore reserves depends on that part of gold deposits that are economically and legally exploitable at the time of the ore reserve calculation, a decrease in prices may result in a reduction in the value of gold reserves that we acquire, as a lower proportion of the gold deposits contained therein would be economically exploitable at the lower prices. As a result, if we have not accurately assessed the geological characteristics of the ore reserves we acquire, or if a decrease in prices occurs subsequent to acquisition, we may not be able to obtain the economic benefits that we anticipated at the time of acquisition of ore reserves / resources, which may adversely affect our results of operations and financial condition

14. ***Our operations are subject to extensive governmental and environmental regulations. Any failure to comply with such requirements, including obtaining required permits, approvals and leases, in a timely manner may adversely affect our operations.***

In addition to obligations under the mining leases, numerous governmental permits, approvals, licenses and leases are required in connection with our operations as the mining sector is subject to numerous laws and extensive regulation by national, state and local authorities in India. Failure to comply with any laws or regulations or to obtain or renew the necessary permits, approvals and leases may result in various enforcement measures such as the loss of the right to mine or operate facilities, administrative, civil or criminal penalties, the imposition of clean-up or site restoration costs and liens, the imposition of costly compliance procedures, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits, including mining leases and exploration licenses, and other enforcement measures that could have the effect of closing or limiting production from our operations. Bringing mines into operation and operating such mines requires obtaining approval of a mining plan, which stipulate extraction limits, as well as applicable forest and environmental approvals in respect of the mine. In connection with mining operations, we are required to obtain various regulatory approvals including, but not limited to, (a) consents to establish and operate under Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974, (b) approvals under the Environment (Protection) Act, 1986 and various rules made there under, (c) authorizations under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, (d) licenses for the possession and use of explosives, permission for use of cyanide in processing of gold, etc.

We may also engage contractors and other third parties in the course of our operations. These third parties will also be required under the applicable legislation to obtain and maintain licenses, approvals and permits in relation to the services they may provide to us, in absence of which, our operations may be adversely affected.

Our operations are also subject to continued review and applicable statutory and regulatory requirements may be amended or modified. There can be no assurance that the approvals, licenses, registrations and permits issued in our favor will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require us or our customers to change operations significantly or incur increased costs, which could have a material adverse effect on our results of operations or financial condition.

15. ***If there is a significant increase in the statutory levies applicable on the gold we may produce, our results of operations could be adversely affected.***

Indirect taxes and statutory levies such as royalty and cess will be an important component of the cost of our gold products that will be paid by us on commencement of the mining operations. Currently a royalty of 4% of London Bullion Market Association Price (commonly referred to as "London Price") is chargeable on the gold metal produced. Further, an additional amount (a) not exceeding 1/3rd of the royalty towards District Mineral Foundation and (b) equal to 2% of the royalty towards National Mineral Exploration Trust is chargeable on the gold metal produced as per the Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015. If such royalties, cess and other duties are increased or additional duties and cess are levied, our results of operations could be adversely affected.

16. ***If we are unable to acquire land and associated surface rights to access our ore reserves, we may be unable to mine our ore reserves which could materially and adversely affect our business, results of operations and financial condition.***

We are required to acquire the land and associated surface rights overlying our gold reserves prior to commencement of mining activities on such land. Similarly we have to acquire land for the Processing plant, tailing dump and other facilities. Such land acquisition is governed by the process stipulated under the applicable laws. We may also face encroachment and adverse possession of lands over which we may have the right to use such property for commercial purposes. We may face difficulties in the acquisition of land in a timely manner, particularly in respect of land owned by private parties, resulting in delays in some of our projects.

There can be no assurance that we will be able to acquire land and associated surface rights for all of our projects or that the land acquisition will be completed in a timely manner, at commercially reasonable terms, including for any relocation and resettlement costs, without opposition. In circumstances where the Government of India and / or relevant State Governments facilitate the acquisition, transfer or lease of, or secure rights of way over, relevant tracts of land, there can be no assurance that all requisite approvals relating to the acquisition or transfer of, or lease of such land or the granting of such right of way over land or the registration of the acquired or leased land, or the transfer of such land, will be completed or if completed, the same shall be achieved in a timely manner and on terms that are commercially acceptable to us. In addition, our ability to acquire land and associated surface rights overlying our reserves may be adversely affected by infrastructure development and structures built on such land.

Any inability to acquire land and associated surface rights to access our existing or future reserves in a timely manner on commercially acceptable terms could have a material and adverse effect on our business, results of operations and financial condition.

17. ***Inability to obtain adequate financing to meet our Company's liquidity and capital resource requirements may have an adverse effect on the proposed mining activities of our Company and business operations.***

Our Company may require funds for the financing of mining activity including our working capital requirements. Our inability to obtain such financing could impair our business, results of operations, financial condition or prospects. Such inability could result from, among other things, our Company's current or prospective financial condition or results of operations. There can be no assurance that finance from external sources such as bank finance will be available at the times required or in the amounts necessary, to meet our requirements.

18. ***Our Company may be faced with time and cost overruns in the future that may affect our results of operations***.

We have not commenced mining operations. Hence we cannot assure that we will not face cost overruns in the future. Our mining plans are subject to a number of uncertainties, and we cannot assure you that we will be able to implement our expansion plans and enter into new projects in a cost efficient and timely manner. Any failure to do so would adversely affect the development and operation of the relevant mines as well as our results of operations.

We are also exposed to risks relating to the time and cost overruns in the delivery of services, equipment and supplies provided by third party contractors (whether as a result of financial or operational difficulties or otherwise). Such failures by our third party contractors to comply with their obligations under their operating agreements (whether as a result of financial or operational difficulties or otherwise) could materially adversely affect the development or operation of any mines affected.

19. ***We have entered into certain related party transactions. There can be no assurance that entering into such transaction with related parties will be the most beneficial option for our Company.***

We have entered into certain related party transactions with our Subsidiary, Promoter, Promoter Group entities, Directors and Key Managerial Personnel. The summary details of the related party transactions on standalone basis entered by us during the period from April 01, 2014 to December 31, 2014 are as under:

(₹ in millions)

Sr. No.	Name of related party	Nature of transaction	Amount
1	Deccan Exploration Services Private Limited	Reimbursement of exploration expenses to Subsidiary	8.73
2	Directors	Directors remuneration, rent for guest house to Managing Director, Directors sitting fees, etc	1.24
	Total ➔		**9.97**

For further details on related party transactions, see the chapter titled "Financial Statements" on page 59 of the Draft Letter of Offer. Except as mentioned in the financial statements for the period ended March 31, 2014 and as also disclosed above, there is no other interest of our Subsidiaries / Promoter / Promoter Group Companies in our Company.

Our Company's policy on transactions with related parties is that such transactions are conducted on normal commercial terms in the ordinary and normal course of business. Our Company may enter into additional transactions with its related parties in the future. Although regulations in India do require disclosure of related party transactions in a listed company's financial statements, such regulations do not require an independent assessment of connected or related party transactions. As a result, there is no independent verification that the terms of such transactions or that any of our Company's transactions with its related parties will benefit our Company.

20. ***Our Promoter company has incurred losses in the past two financial years.***

Our promoter company, Rama Mines (Mauritius) Limited has incurred losses in the last two financial years, details of which are given below:

(₹ in millions)

Particulars	FY 2013-14	FY 2012-13
Total Income	6.22	0.18
Net profit after tax	(74.09)	(71.33)

21. ***Our insurance coverage may prove inadequate to satisfy potential claims against us resulting from mining operations related risks and hazards, which may affect our financial condition.***

With the commencement of mining operations, we plan to take insurance risk covers relating to explosives, fuel and lubricants, various machinery and plants, electricity generation stations and other stores and spares in accordance with applicable Indian legal requirements, which we believe is typical in our industry, and in amounts which we believe to be commercially appropriate. However we may become subject to liabilities, including liabilities for pollution or other hazards, against which we are not insured or are not adequately insured, or cannot be insured. Our insurance coverage may not cover the full extent of any claims made against us, including for environmental or industrial accidents or pollution. In addition, insurance against certain risks (including liabilities for environmental pollution or certain hazards or interruption of certain business activities) may not be available at a reasonable cost. Losses and liabilities arising from such risks may involve additional costs relating to mine reclamation, rehabilitation of affected persons, environmental clean-up, disaster recovery and workers' compensation. In addition, any uninsured loss or damage to property, associated legal proceedings or business disruption may cause us to incur substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition and results of operations. If we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. The occurrence of a significant adverse event, the risks of which are not fully covered or honoured by such insurers, could have a material adverse effect on our results of operations and financial condition.

22. ***Any future equity offerings or issue of options under employee stock option scheme may lead to dilution of investor's shareholding in our company.***

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent we decide to grant options to be issued under an employee stock option scheme. As on the date of the Draft Letter of Offer, 3,000,000 options have been granted under "Deccan Gold Mines Limited Employees Stock Option Scheme 2014". You will experience dilution upon issue and allotment of additional Equity Shares upon the conversion of these instruments or further grant of options under any existing or future employee stock option scheme.

23. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

EXTERNAL RISK FACTORS

24. *Any changes in the regulatory framework could adversely affect our operations and growth prospects.*

We are / will be subject to various regulations and policies including Mining, Excise, Customs, Service Tax, Income Tax, Labour acts, etc. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

25. *A slowdown in economic growth in the markets in which we operate could cause our business to suffer.*

Our performance and growth are dependent on the health of the economy of the markets in which we operate. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance and the price of our Equity Shares.

26. *Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.*

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

27. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms. This could impact our profitability and ability to obtain financing for capital expenditures and the price of our Equity Shares.

28. *Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's equity shares.*

29. *Investors will not receive the Equity shares subscribed and allotted in this issue until several days after they have paid for them, which will subject them to market risk.*

The Equity Shares subscribed and allotted in this issue will not be credited to investor's demat account with depository participants until approximately 15 days from the Issue closing date. Investors can start trading only after receipt of listing and trading approvals in respect of these Equity Shares which will require additional time of upto seven working days after the allotment. Further, there can be no assurance that the equity Shares allocated will be credited to investor's demat account, or that the trading in the equity shares will commence, within the time periods specified above.

30. The market value of the Equity Shares may fluctuate due to the volatility of the securities markets.

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

31. Future issues of Equity Shares / convertible instruments of our company may significantly affect the trading price of the Equity Shares.

Future issue of Equity Shares / convertible instruments by our company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. None of the shareholders are subject to any lock-in restricting their ability to dispose off their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, his Equity Shares.

PROMINENT NOTES:

1. Issue of 29,609,125 equity shares of face value of ₹ 1 each ("equity shares") of Deccan Gold Mines Limited ("Deccan" or the "Company" or the "Issuer") for cash at a price of ₹ 15 (including share premium of ₹ 14) per equity share ("issue price") for an aggregate amount not exceeding ₹ 444.14 millions to the Eligible Equity Shareholders on rights basis in the ratio of 1 Equity Share for every 2 Equity Shares held by the Eligible Equity Shareholders on the Record Date, i.e. [●] (the "Issue"). The Issue Price is 15 times the face value of the equity shares. For further details, refer to "Offering Information" on page 115 of the Draft Letter of Offer.

2. The Net Worth of our Company and Book Value per Equity Share as per standalone and consolidated audited financial statements as on March 31, 2014 is as under:

Particulars	Consolidated	Standalone
Net worth (in ₹ millions)	(0.55)	(7.62)
Book Value per equity share (in ₹)	(0.01)	(0.13)

3. The Promoter has not acquired any Equity Share of our Company within the last one year preceding the date of the Draft Letter of Offer. However, the Promoter have sold certain shares within the last one year preceding the date of the Draft Letter of Offer, the details of which are as under:

Date of transaction	Name of Seller	Nature of transaction	No. of shares	Consideration (₹ in millions)
January 07, 2015	Rama Mines (Mauritius) Limited	Market Sale	33,896	1.38
January 06, 2015	Rama Mines (Mauritius) Limited	Market Sale	5,000	0.22
January 05, 2015	Rama Mines (Mauritius) Limited	Market Sale	98,224	4.50
January 02, 2015	Rama Mines (Mauritius) Limited	Market Sale	18,518	0.85
December 19, 2014	Rama Mines (Mauritius) Limited	Market Sale	104,896	3.67
December 17, 2014	Rama Mines (Mauritius) Limited	Market Sale	17,500	0.61
December 16, 2014	Rama Mines (Mauritius) Limited	Market Sale	17,364	0.60
July 17, 2014	Rama Mines (Mauritius) Limited	Market Sale	61,597	1.50
June 30, 2014	Rama Mines (Mauritius) Limited	Market Sale	49,658	1.13
June 27, 2014	Rama Mines (Mauritius) Limited	Market Sale	71,253	1.65
June 26, 2014	Rama Mines (Mauritius) Limited	Market Sale	11,139	0.26
June 25, 2014	Rama Mines (Mauritius) Limited	Market Sale	24,890	0.59

4. Our Company has not received any investor complaint during the period from April 01, 2014 till February 28, 2015.

5. Our Promoter Group, Directors and their relatives have not financed the purchase, by any other person, of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Letter of Offer with the SEBI.

6. Trading in the Equity Shares of our Company for all investors shall be in dematerialized form only. For further details, see the chapter titled "Offering Information" on page 115 of the Draft Letter of Offer.

7. There has been no change in the name of our Company in the last twelve months.

8. Our Company and the Lead Manager will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the Lead Manager will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchange. No selective or additional information would be made available to a section of investors in any manner whatsoever.

9. Investors may contact the Lead Manager, the Registrar to the Issue or the Compliance Officer for any complaints, clarifications, etc. pertaining to the Issue.

THE ISSUE

The details of this Issue are set out below:

Equity Shares proposed to be issued by our Company	29,609,125 Equity Shares*
Rights Entitlement	1 Equity Share for every 2 Equity Shares held on the Record Date
Record Date	[●]
Issue Price per Equity Share	₹ 15. The Issue Price has been arrived at in consultation between the Issuer and the Lead Manager
Issue Size	₹ 444.14 millions
Equity Shares outstanding prior to the Issue (Paid up Equity Share Capital)	59,218,250 Equity Shares of ₹ 1/- each
Equity Shares outstanding after the Issue, assuming full subscription (Paid up Equity Share Capital)	88,827,375 Equity Shares of ₹ 1/- each
Objects of the Issue	Please refer to section "Objects of the Issue" on page 33 of the Draft Letter of Offer

** If any option is exercised under the "Deccan Gold Mines Limited Employees Stock Option Scheme 2014" before the Record Date, the number of Equity Shares to be issued under the Rights Issue will increase proportionately in the Rights Entitlement ratio. For details refer to the section titled "Capital Structure" on page* 29 *of the Draft Letter of Offer.*

For more information on the payment terms, refer to the Chapter titled "Offering Information" on page 115 of the Draft Letter of Offer.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our audited financial statements as on and for financial year ended March 31, 2014 prepared in accordance with Indian GAAP and the Companies Act and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the chapter "Financial Statements" on page 59 of the Draft Letter of Offer.

For the financial year ended March 31, 2014, based on the consolidated audited financial statements

Consolidated Balance Sheet as at March 31, 2014

(Amount in'000)

				Note No.	As at 31st March' 2014	As at 31st March' 2013
		Particulars				
I.	**EQUITY AND LIABILITIES**					
	Shareholders' funds					
	(a)	Share capital		1	58,867	58,771
	(b)	Reserves and surplus		2	(64,184)	(42,384)
	(c)	Employee Stock Option Outstanding			4,769	10,503
	(d)	Share Application Money			4,458	-
					3,910	**26,890**
	Non-current liabilities					
	(a)	Long-term provisions		3	793	739
					793	**739**
	Current liabilities					
	(a)	Trade payables		4	13,619	705
	(b)	Other current liabilities		5	1,156	176
					14,776	**881**
			TOTAL (I)		**19,478**	**28,510**
II.	**ASSETS**					
	Non-Current Assets					
	(a)	Goodwill on Consolidation			197	197
	(b)	Fixed assets		6		
		(i)	Tangible assets		1,178	1,425
		(ii)	Intangible assets		7	12
	(c)	Other non-current assets		7	2,397	2,399
	(d)	Deferred Tax Assets			35	
					3,814	4,033
	Current Assets					
	(a)	Current investments		8	-	16,612
	(b)	Cash and cash equivalents		9	6,751	1,829
	(c)	Short-term loans and advances		10	8,913	6,035
					15,664	24,476
			TOTAL (II)		**19,478**	**28,510**

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

DECCAN GOLD MINES LIMITED

Statement of Consolidated Profit and Loss for the year ended 31st March 2014

(Amount in'000)

Particulars	Note No.	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
Other income	11	6,020	1,571
Total Revenue		6,020	1,571
Expenses:			
Exploration Expenses		73	5
Employee benefits expense	12	2,873	5,408
Finance costs	13	31	16
Depreciation and amortization expense	6	308	386
Other expenses	14	6,198	6,124
Total expenses		9,483	11,939
Loss before extraordinary items and tax		**(3,463)**	**(10,368)**
Extraordinary Items		**-**	**-**
Prior year adjustments		**-**	**-**
Loss before tax		**(3,463)**	**(10,368)**
Tax expense:			
(1) Current tax		-	-
Add/(Less): Provision for Deferred Tax		-35	**-**
Loss for the period		**(3,428)**	**(10,368)**
Earnings per equity share: Basic (in Rs.)		-0.06	-0.18
Earnings per equity share: Diluted (in Rs.)		-0.06	-0.18

Consolidated Cash Flow Statement for the year ended March 31, 2014
Pursuant to Clause 32 of the Listing Agreement

Cash Flow Statement For The Year Ended 31.03.2014			
	PARTICULARS	**Current year ended 31st March, 2014 RS.('000)**	**Previous year ended 31st March, 2013 RS.('000)**
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net (Loss) before Tax and after Extraordinary items	-3,463	-10,368
	Adjustment For :		
	Depreciation	308	386
	Interest & Finance charges	31	16
	Interest received	-	-
	Dividend Income	-680	-1,551
	Expenses on Employee Stock option	-	3,170
	Reversal of Expenses on Employee Stock Option Scheme	-5,192	-
	Profit on Sale of Investment	-23	-20
	Loss on sale/(disposal) of Assets	-	-
	Operative Loss before Working Capital Changes	-9,019	-8,366
	Adjustment For :		
	Non & Current Assets	-2,678	-152
	Trade & Other liability	13,949	-25
	Cash Generation from Operations	2,252	-8,543
	Direct Taxes	-198	-634
	Net Cash Flow from operating activities	2,054	-7,909
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Pre-operative Expenses	-20,445	-9,486
	Proceeds from investments	16,635	8,707
	Purchases of fixed assets	-56	-
	Dividend Income	680	1,551
	Interest Received	-	-
	Net Cash used in investing activities	-3,185	772
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Share Issue	1,627	4,153
	Share Application Money Received	4,458	-
	Financial Charges	-31	-16
	Net Cash used in financing activities	6,054	4,137
D	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		
	(A+B+C)	4,922	-3,002
	Cash and Cash Equivalents as at 1st April 2013	1,829	4,831
	Cash and Cash Equivalents as at 31st March 2014	**6,751**	**1,829**

For the financial year ended March 31, 2014, based on the standalone audited financial statements

Balance Sheet as at March 31, 2014

DECCAN GOLD MINES LIMITED
Balance Sheet as at 31st March 2014

(Amount in'000)

Particulars		Note No.	As at 31st March' 2014	As at 31st March' 2013
I.	**EQUITY AND LIABILITIES**			
Shareholders' funds				
(a)	Share capital	1	58,867	58,771
(b)	Reserves and surplus	2	(71,252)	(49,522)
(c)	Employee Stock Option Outstanding		4,769	10,503
(d)	Share Application Money		4,458	-
			(3,159)	**19,752**
Non-current liabilities				
(a)	Long-term provisions	3	793	739
			793	**739**
Current liabilities				
(a)	Trade payables	4	18,754	5,736
(b)	Other current liabilities	5	682	151
			19,436	5,887
	TOTAL (I)		**17,070**	**26,377**
II	**ASSETS**			
Non-current assets				
(a)	Fixed assets	6		
	(i) Tangible assets		607	796
	(ii) Intangible assets		7	12
	(iii) Capital work-in-progress		-	-
(b)	Non-current investments	7	100	100
(c)	Other non-current assets	8	2,115	2,115
			2,829	**3,023**
Current assets				
(a)	Current investments	9	-	16,612
(b)	Cash and cash equivalents	10	6,100	1,657
(c)	Short-term loans and advances	11	8,141	5,085
			14,241	**23,354**
	TOTAL (II)		**17,070**	**26,377**

Statement of Profit and loss for the year ended March 31, 2014

DECCAN GOLD MINES LIMITED Statement of Profit and Loss for the year ended 31st March 2014			(Amount in'000)
Particulars	**Note No.**	**Current year ended 31st March' 2014**	**Previous year ended 31st March' 2013**
Other income	12	5,895	1,571
Total Revenue		**5,895**	**1,571**
Expenses:			
Employee benefits expense	13	2,870	5,409
Finance costs	14	26	14
Depreciation and amortization expense	6	194	266
Other expenses	15	6,164	6,086
Total expenses		**9,254**	**11,775**
Loss before extraordinary items and tax		**(3,359)**	**(10,204)**
Extraordinary Items			
Prior year adjustments		-	-
Loss before tax		(3,359)	(10,204)
Tax expense:			
(1) Current tax		-	-
Loss for the period		(3,359)	(10,204)
Earnings per equity share: Basic (in Rs.)		-0.06	-0.17
Earnings per equity share: Diluted (in Rs.)		-0.06	-0.17

Cash flow statement for the year ended March 31, 2014
Pursuant to Clause 32 of the Listing Agreement

PARTICULARS	Current year ended 31st March, 2014	Previous year ended 31st March, 2013
	₹.('000)	₹.('000)
	-	-
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and after Extraordinary items	(3,359)	(10,204)
Adjustment For :		
Depreciation	194	266
Interest & Finance charges	26	14
Interest received	-	-
Dividend Income	(680)	(1,551)
Expenses on Employee Stock option	-	3,170
Reversal of Expenses on Employee Stock Option Scheme	-(5,192)	-
Profit on Sale of Investment	(23)	(20)
Loss/Profit on sale/(disposal) of Assets	-	-
Operative Profit before Working Capital Changes	(9,034)	(8,325)
Adjustment For :		
Trade and Other Receivables	(3,057)	(152)
Trade & Other liability	13,603	2,308
Cash Generation from Operations	1,512	(6,169)
Direct Taxes	-	-
Net Cash Flow from operating activities	1,512	(6,169)
CASH FLOW FROM INVESTING ACTIVITIES		
Pre-operative Expenses	(20,445)	(9,486)
Proceeds from investments	16,612	8,707
Dividend Income	680	1,551
Profit on Sale of Investments	23	-
Net Cash used in investing activities	(3,129)	772
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Issue	1,627	4,153
Share Application Money Received	4,458	-
Financial Charges	(26)	(14)
Net Cash used in financing activities	6,059	4,139
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	4,442	(1,260)
Cash and Cash Equivalents as at 1st April 2013	1,657	2,917
Cash and Cash Equivalents as at 31st March 2014	6,099	1,657

GENERAL INFORMATION

Pursuant to a resolution passed under Section 62(1)(a) of the Companies Act, 2013 by our Board in its meeting held on November 19, 2014 and December 30, 2014, it has been decided to make the following Offer to the Eligible Equity Shareholders, with a right to renounce:

ISSUE OF 29,609,125 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF DECCAN GOLD MINES LIMITED ("DECCAN" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 15 (INCLUDING SHARE PREMIUM OF ₹ 14) PER EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 444.14 MILLIONS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 2 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE "ISSUE"). THE ISSUE PRICE IS 15 TIMES THE FACE VALUE OF THE EQUITY SHARES.

FOR FURTHER DETAILS, PLEASE REFER TO "OFFERING INFORMATION" ON PAGE 115 OF THE DRAFT LETTER OFFER

Registered Office	Corporate Office
Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	No. 5, 19th Main Road, 4th Sector HSR Layout, Bengaluru – 560 102
Tel. No.: +91 22 3304 0797	Tel. No.: +91 80 6715 5700
Fax No.: +91 22 3304 0779	Fax No.: +91 80 6715 5701

Corporate Identity Number: L51900MH1984PLC034662

Address of the Registrar of Companies
Registrar of Companies, Mumbai
100, Everest, Marine Drive, Mumbai – 400 002
Tel. No.: +91 22 2281 2627
Fax No.: +91 22 -2281 1977
E-mail: roc.mumbai@mca.gov.in

Compliance Officer & Company Secretary
Mr. S. Subramaniam
No. 5, 19th Main Road
4th Sector, HSR Layout
Bengaluru – 560 102
Tel. No.: +91 80 6715 5700
Fax No.: +91 80 6715 5701

Note: All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank / SCSB and the branch where the CAF, or the plain paper Application, as the case may be, was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

Lead Manager to the Issue
SPA Capital Advisors Limited
SEBI Regn. No.: INM 000010825
25, C – Block, Community Centre
Janak Puri, New Delhi - 110 058
Tel. No.: +91 11 2551 7371, 4567 5500
Fax No.: +91 11 2553 2644
E-mail: dgml.rights@spagroupindia.com
Investor Grievance e-mail id: grievances.mb@spagroupindia.com
Website: www.spacapital.com
Contact Person: NitiN Somani

Registrar to the Issue
Link Intime India Private Limited
SEBI Regn. No.: INR000004058
C-13, Pannalal Silk Mills Compound,
LBC Marg, Bhandup (West), Mumbai - 400 078
Tel.: +91 22 6171 5400
Fax: +91 22 2596 0329
E-mail: dgml.rigths@linkintime.co.in
Investor Grievance e-mail id: dgml.rigths@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav

Legal Advisor to the Issue
Vaish Associates Advocates
Unit No. 305, 3rd Floor
Prestige Meridian – II
Building No. 30, M G Road
Bangaluru – 560 001
Tel.: +91 80 4090 3581 / 88 / 89
Fax: +91 80 4090 3584
Email: bangalore@vaishlaw.com
Contact Person: Vikas Keyal

Banker to the Issue & Refund Banker
[●]

Self Certified Syndicate Banks
The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on SEBI website at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

Experts
SRK Mining Services (India) Private Limited
CE-106, Sector-1, Salt Lake City
Kolkata - 700 064
Telephone: +91 33 4062 1003
E-mail: sghosh@srk.com
Contact Person: Subrato K. Ghosh

SRK Mining Services (India) Private Limited is expert in relation to the SRK Report annexed to this Draft Letter of Offer in terms of the provisions of Companies Act.

Banker to our Company
Kotak Mahindra Bank Limited
#10/7, Umiya Landmark
3rd Floor, Lavelle Road
Bengaluru - 560 001
Tel.: +91 80 6612 3343
Fax: +91 80 6612 3425
E-mail: indraneel.g@kotak.com

Auditors of our Company
M/s V.K. Beswal & Associates,
Rewa Chambers, 4th Floor,
31, New Marine Lines, Mumbai - 400 020
Tel.: +91 22 4345 5656
Fax: +91 22 4345 5666
E-mail: admin@vkbeswal.com
Contact Person: CA K.V. Beswal
Firm Registration No.: 101083W

Credit Rating
This being a right issue of equity shares, no credit rating is required.

IPO Grading
This being a right issue of equity shares, no IPO Grading is required.

Trustees
This being a Rights Issue of Equity Shares, appointment of Trustees is not required.

Appraising Agency
The issue has not been appraised.

Monitoring Agency
There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. The Audit Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled 'Objects of the Issue' on page 33 of Draft Letter of Offer.

Underwriting / Standby agreement
Our Company has not entered into any underwriting / stand by agreement.

Issue Schedule

Issue Opens on	[●]
Last date for requests for Split Application Forms	[●]
Issue Closes on	[●]

Minimum Subscription
If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Principal terms of loan and assets charged as security
Our Company does not have any secured or unsecured loans outstanding as on December 31, 2014.

CAPITAL STRUCTURE

Our capital structure and related information as on date of the Draft Letter of Offer is set forth below.

(in ₹ millions unless otherwise stated)

	Share Capital	Aggregate value at face value	Aggregate Value at Issue Price
A.	**Authorised Share Capital**		
	250,000,000 Equity Shares of ₹ 1/- each	**250.00**	
B.	**Issued Share Capital**		
	62,218,250 Equity Shares of ₹ 1/- each	**62.22**	
C.	**Subscribed and Paid-up Capital**		
	59,218,250 Equity Shares of ₹ 1/- each	**59.22**	
D.	**Present Issue in terms of the Draft Letter of Offer ***		
	29,609,125 Equity Shares at an Issue Price of ₹ 15 per Equity Share **	**29.61**	**444.14**
E.	**Subscribed and Paid-up capital after the Issue, assuming full subscription**		
	88,827,375 Equity Shares of ₹ 1 each fully paid-up	**88.83**	
F.	**Share Premium Account:**		
	Before the Issue	**105.54**	
	After the Issue	**520.07**	

* The Issue has been authorized through resolution passed by the Board of Directors in their meeting held on November 19, 2014 and the ratio and price was decided in their meeting held on December 30, 2014.
** If any option is exercised under the "Deccan Gold Mines Limited Employees Stock Option Scheme 2014" before the Record Date, the number of Equity Shares to be issued under the Rights Issue will increase proportionately in the Rights Entitlement ratio. For details refer to the note no. 2 below.

Notes to the Capital Structure

1. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of the Draft Letter of Offer except options granted / to be granted under the "Deccan Gold Mines Limited Employees Stock Option Scheme 2014"). We have no partly paid up equity shares or call in arrears as on the date of the Draft Letter of Offer.

2. Our Company, in its Annual general Meeting held on December 30, 2014, has approved "Deccan Gold Mines Limited Employees Stock Option Scheme 2014" ("ESOP 2014") in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014. As on the date of the Draft Letter of Offer, we have granted 3,000,000 stock options in accordance with the ESOP 2014, details of which are as under:

Category of employee	No. of options granted	Date of grant	Exercise Price (₹ per option)	Vesting period
Key Managerial Personnel				
- Mr. Sandeep Lakhwara, Managing Director	1,500,000	January 14, 2015	7	Equally over 2 years from the date of grant
- Mr. S C R Peshwa, Director (Subsidiary Company)	483,000	March 10, 2015	7	Equally over 2 years from the date of grant
- Mr. Karunakaran Krishnamurthy, CFO	291,800	March 10, 2015	7	Equally over 2 years from the date of grant

Category of employee	No. of options granted	Date of grant	Exercise Price (₹ per option)	Vesting period
- Mr. S Subramaniam, Company Secretary	291,800	March 10, 2015	7	Equally over 2 years from the date of grant
Others	433,400	March 10, 2015	7	Equally over 2 years from the date of grant

Further, in terms of the ESOP 2014, in the event of any bonus issue, rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of Options, the Committee shall have the discretion to make appropriate amendments to the Plan, including changes in the number of Options, the Exercise Price or floating a new plan / extending the application of the existing Plan or any other fair and just mechanism including acceleration of Options, if deemed essential, in accordance with law as it deems fit, while striving to ensure that the rights of the Employees are not adversely affected. Any such change (being compensatory in nature) would not be deemed to be a change in the terms of the Plan. Alternatively, if it is deemed necessary, the Plan could be substituted by a new Plan, while ensuring that the rights of the Employees are not adversely affected.

Our Company has received in principle listing approval dated February 20, 2015 with respect to the options proposed to be granted under ESOP 2014 and the resultant Equity Shares.

3. **Our shareholding pattern as on March 13, 2015 is as follows:**

Category of Shareholder	No. of Share-holders	Total No. of Shares	Total No. of Shares held in dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
(2) Foreign							
Bodies Corporate	1	24,654,746	24,654,746	41.63%	41.63%	-	-
Sub Total	**1**	**24,654,746**	**24,654,746**	**41.63%**	**41.63%**	-	-
Total shareholding of Promoter and Promoter Group (A)	**1**	**24,654,746**	**24,654,746**	**41.63%**	**41.63%**	-	-
(B) Public Shareholding							
(1) Institutions							
Foreign Institutional Investors	2	1,316,473	1,316,473	2.22%	2.22%	-	-
Sub Total	**2**	**1,316,473**	**1,316,473**	**2.22%**	**2.22%**	-	-
(2) Non-Institutions						-	-
Bodies Corporate	273	3,030,545	3,030,545	5.12%	5.12%	-	-
Individuals						-	-
Individual shareholders holding nominal share capital up to Rs. 1 lakh	19,132	20,463,938	20,372,488	34.56%	34.56%	-	-
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	20	4563532	4563532	7.71%	7.71%	-	-
Any Others (Specify)						-	-
Clearing Members	137	424,577	424,577	0.72%	0.72%	-	-
Non Resident Indians	140	4,653,129	4,653,129	7.86%	7.86%	-	-
Directors & their Relatives & Friends	1	110,000	110,000	0.19%	0.19%	-	-
Foreign Portfolio Investors	1	1,310	1,310	0.00%	0.00%	-	-
Sub Total	**19,704**	**33,247,031**	**33,155,581**	**56.14%**	**56.14%**	-	-
Total Public shareholding (B)	**19,706**	**34,563,504**	**34,472,054**	**58.37%**	**58.37%**	-	-
Total (A)+(B)	**19,707**	**59,218,250**	**59,126,800**	**100.00%**	**100.00%**	-	-

Category of Shareholder	No. of Share-holders	Total No. of Shares	Total No. of Shares held in dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(C) Shares held by Custodians and against which Depository Receipts have been issued							
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total (C)	-	-	-	-	-	-	-
Total (A)+(B)+(C)	**19,707**	**59,218,250**	**59,126,800**	**100.00%**	**100.00%**	-	-

4. **The list of Equity Shareholders belonging to the category "Promoters and Promoter Group" as on March 13, 2015 is detailed in the table below:**

Sr. No.	Name of the Shareholders	Details of Shares held		Encumbered shares			Details of Warrants		Details of convertible securities		Total shares (including shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a %	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1	Rama Mines (Mauritius) Limited	24,654,746	41.63%	-	-	-	-	-	-	-	-
	Total	**24,654,746**	**41.63%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

5. **The list of Equity Shareholders, other than the Equity Shareholders belonging to the category "Promoters and Promoter Group", holding more than 1% of our paid-up capital as on March 13, 2015 is detailed in the table below:**

Sr. No.	Name of Shareholder	Details of shares held		Details of warrants		Details of convertible securities		Total shares (including shares assuming full conversion of warrants and convertible securities) as % of diluted share capital
		No. of shares held	Shares as % of total no. of shares	No. of warrants held	As a % of total no. of warrants	No. of convertible securities held	% w.r.t. number of convertible securities	
1	Govind Subhash Samant	1,840,000	3.11%	-	-	-	-	-
2	Anand Mahendra Sarvaiya	1,610,000	2.72%	-	-	-	-	-
3	MSPL Ltd	1,542,899	2.61%	-	-	-	-	-
4	Motilal Gopilal Oswal	800,000	1.35%	-	-	-	-	-
5	National Westminster Bank PLC Trustee of The Jupiter India Fund	658,237	1.11%	-	-	-	-	-
6	Jupiter South Asia Investment Co Ltd A/C South Asia Access Fund	658,236	1.11%	-	-	-	-	-
	Total	**7,109,372**	**12.01%**	**-**	**-**	**-**	**-**	**-**

6. None of the Equity Shares of our Company are locked-in as on the date of the Draft Letter of Offer.

7. None of the Equity Shares of our Company held by the Promoter is subject to pledge or encumbrance as on the date of the Draft Letter of Offer.

8. The present Issue being a rights issue, pursuant to Regulation 34 of the SEBI ICDR Regulations, the requirements of Promoters' contribution and lock-in are not applicable.

9. Except for the allotment of Equity Shares pursuant to exercise of options under ESOP 2014, if any, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed.

   The Board of our Company in its meeting held on December 03, 2013, had proposed acquisition of Geomysore Services (India) Private Limited, including amalgamation of the same with our Company. Notwithstanding anything provided in this clause, the Board may consider to take decision on such acquisition / scheme of amalgamation or arrangement. However no scheme of amalgamation / arrangement or allotment of shares will be acted upon during the period commencing from submission of the Draft Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed. For further details, please refer to the section titled "History and Certain Corporate Matters" on page 50 of the Draft Letter of Offer.

10. Our Promoter, Rama Mines (Mauritius) Limited, have informed us vide their letter dated March 24, 2015 stating that they may not subscribe to their Rights Entitlement in full under the Rights Issue and may also consider renouncing their Rights Entitlement. In such an event of non-subscription by the Promoter, their shareholding in our Company may accordingly stand modified. Further, in case of any under subscription in the Issue, the Promoter may not subscribe for additional Equity Shares.

11. If we do not receive the minimum subscription of 90% in this Issue, our Board shall have the authority to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii) of the Companies Act, 2013, subject to receipt of requisite regulatory approvals, after the Issue Closing Date on same terms and conditions on which the Equity Shares are offered through the Rights Issue. In case of under-subscription, if the Board fails to dispose off the unsubscribed Equity Shares in the manner as stated above, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

12. An over-subscription to the extent of 10% of the Issue Size shall be retained for purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.

13. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].

OBJECTS OF THE ISSUE

The proceeds of the Issue are proposed to be utilized by us for financing the following objects:

- Investment in Subsidiary Company;
- General Corporate Purpose; and
- Expenses for the Issue

The main object clause and objects incidental or ancillary to the main object clause of the Memorandum of Association of our Company enables us to undertake the existing activities of our Company.

Requirement of Funds

The total estimated funds requirement is given below:

Sr. No.	Particulars	Amount (in ₹ millions)
1	Investment in Subsidiary Company	343.93
3	General Corporate Purposes	94.00
4	Expenses for the Issue	8.22
Total		**446.15**

The fund requirement and deployment is based on our Management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan.

Means of Finance

Sr. No.	Particulars	Amount (in ₹ millions)
1	Proceeds from Rights Issue	444.14
2	Existing funds available with the Company	2.01
Total		**446.15**

We do not propose to raise any funds for meeting the Objects of the Issue from sources other than proceeds of the Issue.

Details of use of Issue Proceeds:

1. Investment in Subsidiary Company

We propose to make an equity investment of ₹ 343.93 million out of the Net Proceeds of the Issue in our Subsidiary, Deccan Exploration Services Private Limited ("**DESPL**"), for Exploration and Resource estimation, mine design and planning, Comprehensive metallurgical studies, feasibility studies, payment of administration expenses and acquisition of fixed assets for existing projects. Although our Company is not assured of dividends from such investment, or profits pursuant to commencement of mining operations in these projects, we believe such investment will be beneficial to our business and prospects.

Pursuant to our equity investment in DESPL, the breakdown of the proposed use of funds is as follows:

(₹ in millions)

Sr. No.	Description	Quotation	Amount (including taxes)
A.	**Exploration activities**		
1.	Drilling (17,000 meters @ 7,280 per meter)	South West Pinnacle Exploration Private Limited	123.76
2.	Geophysical and Geochemical Exploration	Management Estimates	25.00
3.	Chemical Analysis of samples (12,000 samples @ Rs. 1825 / sample)	Shiva Analyticals (India) Private Limited	21.90
4.	Crop compensation to farmers	Management Estimates	10.00
5.	Field Cost (including camp rentals, core boxes for samples, GPS, compass, lens, core saw blades, on-site fuel expenses, labour wages, etc)	Management Estimates	9.50
	Sub-total (A)		**190.16**

Sr. No.	Description	Quotation	Amount (including taxes)
B.	**Ganajur Gold Project**		
	- Mine Plan and Design & Environmental Studies	B. S. Envi-Tech Private Limited	6.27
	- Metallurgical studies, process selection, flow chart, etc	Management Estimates	8.00
	- Topographic survey	Caden Surveys Private Limited	1.16
	- Feasibility studies and Comprehensive Metallurgical studies	Management Estimates	50.00
	Sub-total (B)		**65.43**
C.	**Fixed Assets**		
1.	Vehicles	Sireesh Auto Private Limited	5.96
2.	Computer / Laptops	Bhima Soft Private Limited	1.77
3.	Computer Software ((i) Microsoft Office Professional, (ii) Mapinfo Professional 3D Bundle, and (iii) Geovia Surpac & Minesched Software solutions for mine planning applications)	EDS Technologies Private Limited, Bhima Soft Private Limited and Datacode	10.61
	Sub-total (C)		**18.34**
D.	Administrative expenses (for payment of salaries to employees, professional fees to senior mining and metallurgical consultants, rent, etc for a period of 12 months)	Management Estimates	70.00
	Sub-total (D)		**70.00**
	Grand Total (A+B+C+D)		**343.93**

Exploration activities:
Exploration of mineral deposit is defined as a series of systematic steps involved in converting a mineral occurrence into a mineral prospect-mineral resource and finally a mineable ore deposit. The modern exploration techniques include but not restricted to carrying out study of remote sensing data such as landsat imagery, Aster and Hyperspectral data: Airborne geophysical surveys using magnetic, gravity, electro magnetic and seismic techniques: Regional and detailed geological and structural mapping of various rock types and associated geological structures controlling mineralization: Sampling of surface outcrops to understand if there are any anomalous concentration of minerals/metals: Regional and detailed geochemical surveys including sampling of stream sediments, different layers of soil, rock, water, plants, termite mounds etc to identify possible targets and geochemical patterns associated with the mineralised zones: Multi parametric ground Geophysical exploration techniques such as magnetics, Induced polarization, Electro-magnetic, Gravity, Seismic, Radiometric, SP- Resistivity etc: Trenching to expose the concealed mineralised zones: Drilling including diamond core, Reverse Circulation, RAB; Trenching, multi element chemical analysis etc. The exploration result culminates with drilling to understand the 3rd dimension of the mineralised zones. bata processing using 2D and 3D geological software to define the 3D ore body model and Resource estimation. We had carried out exploration during the RP tenure that resulted in new discoveries that are now covered under prospecting licences. We have plans to further undertake detailed exploration programme in the key gold prospects as per international standards.

Further, we have been entering into agreements with farmers in the Ganajur ML area during the last few years in order to get their consent for undertaking detailed exploration in their lands. As a result of the said use of land by us, we have to pay crop compensation to the land owners towards the notional loss that may arise as a result of providing complete access to their land for exploration. Similarly we will be required to pay compensation in Hirenagnur, where DESPL has applied for ML and Mangalagatti, where DESPL has been granted PL and is awaiting execution of PL deed. The total amount envisaged for the same is estimated at ₹ 10 million.

Ganajur Gold Project:
DESPL has already completed the scoping study for the project through SRK Mining Services (India) Private Limited (“SRK”), an independent mining and geological consultancy firm. The report prepared by SRK dated February 03, 2002 in accordance with the JORC Code (the "**SRK Report**") is annexed to this Draft Letter of

Offer. The SRK Report includes updated mineral resource estimate and preliminary assessment of the economic potential of the Ganajur Gold Project, Karnataka. SRK Mining Services (India) Private Limited is expert in relation to the SRK Report annexed to this Draft Letter of Offer in terms of the provisions of Companies Act. The Scoping Study has demonstrated that at a sustainable gold price greater than USD 850/oz, the Ganajur Main Project has potential to be developed into a viable open-pit mining operation. Feasibility Study is a priority before commencement of mining operation. The feasibility study would involve commercial and technical feasibility of mining and producing gold in significant quantities. DESPL would be engaging an independent consultant of international repute to undertake a full feasibility of the Ganajur Gold Project. The purpose of the feasibility stage is to carry out an appropriate level of testing and analysis to establish if a project should be developed through into the detailed engineering and construction stage.

2. General Corporate Purposes

We intend to deploy the Issue proceeds aggregating ₹ 94.00 million towards general corporate purposes, including but not restricted to working capital, further investments in subsidiary(ies) / joint ventures, further exploration or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 25% of the proceeds of issue would be deployed for General Corporate purposes.

3. Expenses for the Issue

The Issue related expenses consist fees payable to the Lead Manager, Legal counsel and Registrar to the Issue, stationery printing and distribution expenses, legal fees, statutory advertisement expenses, NSDL / CDSL connectivity charges, fees payable to SEBI, listing fees, selling commission, if any, etc. The total expenses of the Issue are estimated to be approximately ₹ 8.22 million.

(₹ in million)

Particulars	Estimated Expenses (₹ in millions)	% of Estimated Issue size	% of Estimated Issue expenses
Fees payable to intermediaries including Lead Manager and Registrar to the Issue	2.27	0.51	27.63
Advertising, travelling and marketing expenses	0.80	0.18	9.73
Printing and stationery expenses	2.50	0.56	30.41
Other expenses (including but not limited to legal fees, SEBI fees, listing charges, depository fees, auditor fees, commission, brokerage, out of pocket reimbursements, etc.)	2.65	0.60	32.23
Total	**8.22**	**1.85**	**100.00**

Estimated Schedule of Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized a under:

(₹ in lakhs)

Particulars	Funds already deployed (upto January 31, 2015)	2015-16	Total
Investment in Subsidiary Company	-	343.93	343.93
General Corporate Purposes	-	94.00	94.00
Expenses of the Issue	0.92	7.30	8.22
Total	**0.92**	**445.23**	**446.15**

Deployment of Funds towards the Objects of the Issue

We have incurred ₹ 0.92 millions upto January 31, 2015 towards the Objects of the Issue which has been certified by CA. C P Chechani (Membership No. 124809), Partner, V. K. Beswal & Associates, Chartered Accountants, vide their certificate dated March 24, 2015. The same has been incurred towards issue related expenses and have been financed through existing funds available with the Company.

Interim Use of Proceeds

Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Bridge Financing Facilities

We have not raised any bridge loan against the Proceeds of the Issue.

Monitoring of Utilization of Funds

There is no requirement for appointment of an independent monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. Pursuant to Clause 49 of the listing agreement, the Audit Committee of our Board will monitor the utilization of the Net Proceeds.

We shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue and further disclose the same a part of the quarterly declaration of financial results. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilised, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. The said annual disclosure shall also be certified by the Statutory Auditors of our Company.

No proceeds from the Issue are proposed to be paid to the Promoter of our Company.

STATEMENT OF TAX BENEFITS

The Board of Directors
Deccan Gold Mines Limited
Mumbai

Dear Sirs,

Statement of Possible Tax Benefits available to M/s Deccan Gold Mines Limited ('the Company') and its Shareholders

We hereby enclose in the Annexure a statement of possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and the Wealth-tax Act, 1957 (as amended by the Finance Act, 2013), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:
i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed Right Offer of the Company and is not to be used in, referred to or distributed for any other purpose.

For V K BESWAL & ASSOCIATES,
Chartered Accountants
Form Regn. No.: 101083W

CA C P Chechani
Partner
Membership No.: 124809

Date: 24/03/2015
Place: MUMBAI

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

Special Tax benefits to Company & Shareholders: Nil

General tax benefits: As under

1. To the Company - Under the Income-tax Act, 1961 (the Act)

1.1 There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Right Offer of Equity Shares.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88 E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

(a) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38)] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

(b) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company, which is subject to securities transaction tax will be taxable under the Act @ 15% (plus applicable surcharge and educational cess).

(c) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

2.2 Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

2.3 Other Provisions of the Act

(i) Under Section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

(ii) Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

2.4 Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

- Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:

  1. Short term capital gain on transfer of shares/debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 15% (plus applicable surcharge and educational cess);
  2. Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30%(plus applicable surcharge amd educational cess).

- Under section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company, are taxed @ 10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

- Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

  1. National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;

  2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax esubsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units [other than those exempt u/s 10(38)], shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

For V K BESWAL & ASSOCIATES,
Chartered Accountants
Form Regn. No.: 101083W

CA C P Chechani
PARTNER
Membership No.: 124809

Date: 24/03/2015
Place: MUMBAI

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites / publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Although we believe industry, market and government data used in the Draft Letter of Offer is reliable, it has not been independently verified. Similarly, our internal estimates, while believed by us to be reliable, have not been verified by any independent agencies The information / data has been sourced from the following:

International Monetary Fund – www.imf.org
Website of Ministry of Statistics and Programme Implementation – www.mospi.in
Website of Department of Industrial Policy and Promotion – www.dipp.nic.in
Report of Revival of Mining Sector in India: Analysing Legislations and Royalty Regime– www.nipfp.org.in
Website of Ministry of Mines Annual Report 2014 – www.mines.nic.in
Report of Mines & Minerals Division Oct 2013 ***– www.ficci.com***
Indian Minerals Yearbook 2012- www.ibm.gov.in

Indian Economy
The Indian economy is reviving helped by positive policy actions that have improved confidence. The growth forecast to rise to 7.2 percent in this fiscal year. The Indian economy is the bright spot in the global landscape, becoming one of the fastest growing big emerging market economies in the world. India's economic profile recently got a lift as the country improved the way it measures economic output.
(S*ource: International Monetary Fund - www.imf.org*)

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index stood for the month of December 2014 stands at 182.60, which is 1.7% higher as compared to the level in the month of December 2013. The cumulative growth during April-December 2014-15 over the corresponding period of the previous year stands at 2.1%. The indices of Industrial Production for the mining, manufacturing and electricity sectors for the month of December 2014 stand at 131.60, 192.90 and 177.60 respectively, with the corresponding growth rates of (-) 3.2%, 2.1% and 4.8%, as compared to December 2013. The cumulative growth in the three sectors during April-December 2014-15 over the corresponding period of 2013-14 has been 1.7%, 1.2% and 10.0% respectively. In terms of industries, thirteen (13) out of the twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown positive growth during the month of December 2014 as compared to the corresponding month of the previous year.
(Source: Website of Ministry of Statistics and Programme Implementation)

The Foreign Direct Investment (FDI) investment was USD 34.29 Billion in FY2012-13, USD 36.04 Billion in FY2013-14 and USD 31.85 Billion for April-December, 2014 in FY2014-15 as per provisional figures by RBI. The cumulative amount of FDI Equity inflows during April 2000 to December 2014 stood at US$ 238.62 Billion and the total FDI Equity inflows in India during April 2014 to December 2014 stood at 21.04 Billion. *(Source: Website of Department of Industrial Policy and Promotion)*

Global Mining Industry
The countries with larger mining sector are the ones which belong to the pre-historic land mass referred to as Godwanaland. India falls among these countries, along with Australia, South and Central Africa, and South America. The mining sector contributes to the prosperity of the nations, the finite and non-renewable resources, resulting in economic growth of the country. Mining is a significant sector of the Indian economy, endowed with metallic and non-metallic minerals. India produces 89 minerals including 4 fuel minerals, 48 non-metallic minerals, 10 metallic minerals, 3 atomic minerals, and 24 minor minerals (Government of India, 2013). However, the public expenditure on exploration in India is negligible when compared to other countries.

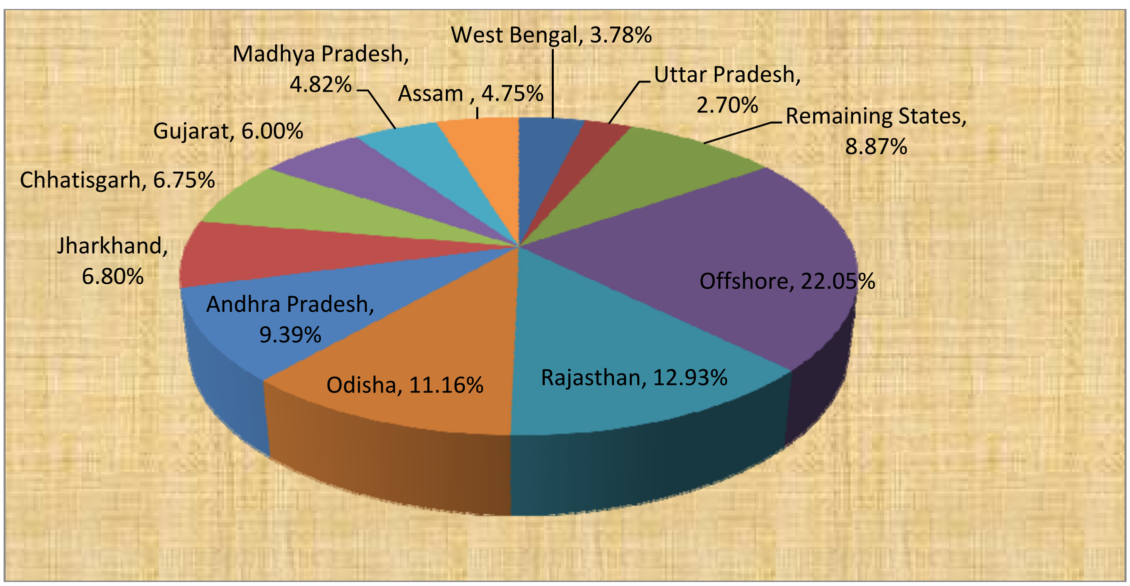
The public spending for nonferrous exploration across globe reveals that Latin America spent highest on exploration (25 %) followed by Canada (18%). However, the public spending by Asia is within 16 per cent; the reported 16 per cent is the combined figure for Asia, Europe and Former Soviet Union (FSU) (Metals

Economics Group, 2012). Within Asia, India on mining exploration is less than one per cent of the total world expenditure (Planning Commission, 2005).

The recent trends in index of mineral production (with base 2004-05=100) showed a negative growth rate of 5.09 per cent, to 121.91 in 2012-13 as compared to 128.45 for 2011-12. The total value of mineral production (excluding atomic minerals) during 2012-13 has been estimated at rupees 2,34,612.66 crore, which shows decrease of about 0.12 per cent over that of the 2011-12. While disaggregating the total value of mineral production into fuel minerals, metallic and non-metallic minerals, it is revealed that in 2012-13, value for fuel minerals account for 66.85 per cent of the total and the metallic and non-metallic (including minor mineral) shares are significantly lower at 18.49 per cent and 14.66 per cent respectively.

Indian Mining Industry
Indian mining industry is characterized by a large number of small operational mines. The number of mines which reported mineral production (excluding minor minerals, petroleum (crude), natural gas and atomic minerals) in India was 3461 in 2013-14 as against 3691 in the previous year. Out of 3461 reporting mines, 636 were located in Andhra Pradesh followed by Rajasthan (448), Gujarat (410), Madhya Pradesh (338), Tamil Nadu (315), Jharkhand (258), Karnataka (186), Chhattisgarh (195), Odisha (184), Maharashtra (154) and West Bengal (127). These 11 states together accounted for 93.93% of total number of mines in the country in 2013-14.

Share of States in Value of Mineral Production 2013-14
During 2013-14, mineral production was reported from 32 states / union territories of which the bulk of value of mineral production of about 91.41% was confined to 12 states only. Offshore areas are in leading position, in terms of estimated value of minerals production in the country it and had the share of 22.05% in the national output.



Metallic Minerals
The value of metallic minerals in 2012-13 at `43,592 crore decreased by about 7.31% over the previous year. Among the principal metallic minerals, iron ore contributed `33,227 crore or 76.21%, zinc concentrate `2395.80 crore or 5.50%, manganese ore `1265 crore or 2.9%, chromite `2,448 crore or 5.61%, bauxite `710 crore or 1.63%, copper (concentrate) `631 crore or 1.45%, silver `2,126 crore or 4.87%, gold `461 crore or 1.06%, while the remaining was shared by lead concentrate and tin concentrates.

Production of Metallic Minerals 2009-10 to 2013-14

Metallic Minerals	Unit	2009-10 (R)		2010-11 (R)		2011-12 (R)		2013-13 (P)		2013-14 (E)	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
			31733.80		**47638.79**		**47032.02**		**43591.86**		**37213.02**
Bauxite	th tonnes	14124	488.79	12723	512.22	13600	612.60	15360	709.74	19139	849.08
Chromite	th tonnes	3426	1045.36	4326	2596.42	2923	2424.50	2950	2448.17	2087	1698.62
Copper conc	th tonnes	125	380.95	137	473.35	130	538.58	124	630.76	141	656.28
Gold	KG	2084	342.58	2399	434.52	2194	531.16	1588	460.74	1411	375.50
Iron ore	th tonnes	218553	26462.01	207157	39614.17	168582	38357.03	136019	33226.74	133224	27726.44
Lead conc	th tonnes	134	176.59	148	200.04	162	245.45	184	329.14	192	397.93
Magnese ore	th tonnes	2492	1190.52	3056	1468.40	2412	1177.70	2322	1264.87	2310	1338.53
Zinc conc	th tonnes	1280	1305.84	1427	1793.02	1414	1986.22	1493	2395.80	1569	2743.16
Other met minerals	th tonnes		341.16		546.65	256	1158.78	422	2125.90	348	1427.48

Metal - GOLD

From early ages the prosperity of a nation was linked to the amount of Gold it possessed. Since then it has evolved as a form of investment too. Gold in bulk form is referred to as "Bullion" that can be casted as ingots or minted into coins. On account of its volatility in terms of price, gold has the ability to tilt the individual's or nations economic fortunes.

RESERVE AND RESOURCES POSITION

The global geological reserves of gold (metal content) have been placed at 51,000 tonnes, of which 14% are located in Australia, 12% in South Africa, 10% Russia, 6% in USA and Indonesia each, 3.9% in Peru, 3.7% in China and 3.3% in Uzbekistan. The reserve base (reserves and resources) is estimated at 1 lakh tonnes world over after the intensive exploration efforts, of which South Africa contains 31% share followed by Russia, Australia, Indonesia, China and Others.

The average mine production of gold for last the three years was around 2,500 tonnes per annum. In 2010, China reported a production figure of 345 tonnes, followed by 255 tonnes by Australia, 230 tonnes by USA and 190 tonnes each by South Africa and Indonesia. It is noteworthy that China has been steadily increasing its gold production, whereas South Africa is showing a decreasing trend. The gross world supply of gold in 2010 was at 4,196 tonnes (higher than the demand) which included 2,543 tonnes from mine production and 1,653 tonnes from recycling.

In India, the total resources of gold ore is estimated at 494 million tonnes, of which 24 million tonnes only are placed in reserve category and remaining 470 million tonnes under resource category. The total resource in terms of metal (primary gold) is at 659.84 tonnes. Out of this, 110.54 tonnes is under reserve category and 549.30 tonnes under remaining resource category which also includes placer type gold resources. By states, largest resources in terms of gold ore (primary) are located in Bihar (45%), followed by Rajasthan (23%), Karnataka (22%), West Bengal (3%), Andhra Pradesh and Madhya Pradesh (2% each). In terms of metal content, Karnataka remains on top followed by Rajasthan.

GOLD PRODUCTION

After the closure of Kolar Gold Fields Mines of BGML in 2001, the Hutti Gold Mines Limited (HGML), a government of Karnataka enterprise has become the sole producer of primary gold in the country. The principal mine, Hutti and two other units viz Hira–Buddini and Utti are all underground mines located in Raichur district of Karnataka. The resource potential in HGML mines is at 223 tonnes of metal and the production is at 2.219 tonnes of gold metal in 2010-11. In addition, there is production as by-product of copper concentrates. The present status is given in the exhibit below:

GOLD PRODUCTION IN INDIA (BY-PRODUCT AND MINE - TONNES)

Year	Mine Production (HGML)	Birla Copper (Hindalco)	HCL	Total Produced	Sterlite (gold content in anode slimes exported)
2006-07	2.336	10.33	0.13	12.796	8.44
2007-08	2.808	9.14	-	11.948	9.11

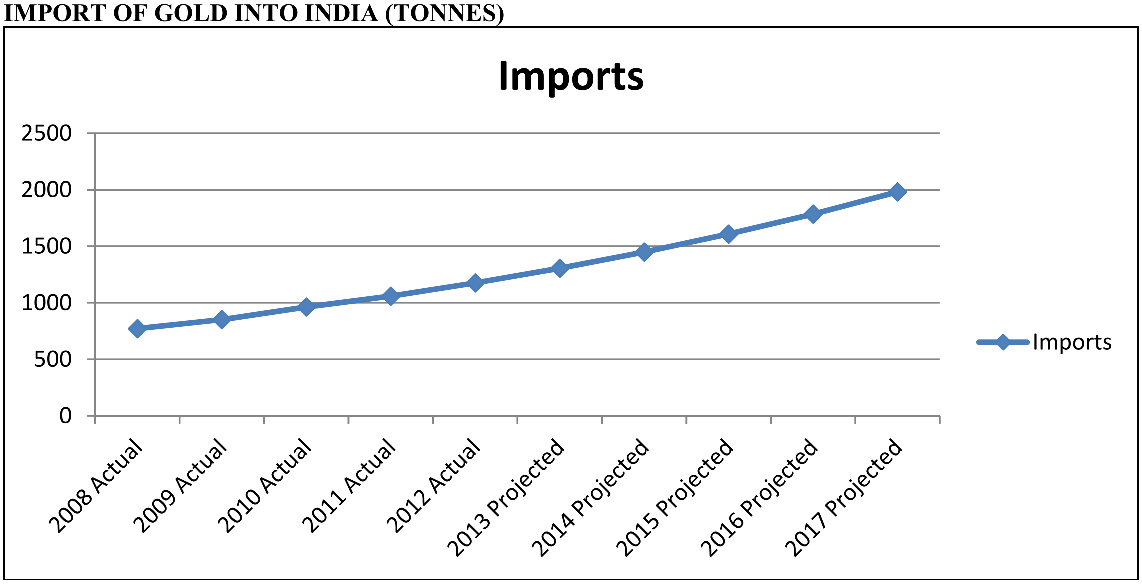
Year	Mine Production (HGML)	Birla Copper (Hindalco)	HCL	Total Produced	Sterlite (gold content in anode slimes exported)
2008-09	2.420	4.87	-	7.29	5.50
2009-10	2.070	9.11	-	11.18	10.57
2010-11	2.219	6.96	-	9.179	10.09
2011-12	2.192	NA	NA	NA	NA

(Source: Indian Bureau of Mines)

DEMAND

The demand for gold in India is not only the highest in the world but also the fastest growing. With the Indian economy projected to grow at 8% during 12th plan, the demand for gold can only increase further. The World Gold Council (WGC) has estimated India's gold consumption in 2011 to be 1,167 tonnes, whereas gold demand in the world has been relatively stable ranging between 3,729 and 3,812 tonnes during the period 2001 to 2010. However, on account of increase in prices, the world demand in value terms has increased five times (from 32.5 billion to 150 billion) during the last 10 years.

IMPORT OF GOLD INTO INDIA (TONNES)



Source: Indian Bureau of Mines

Future Outlook

India is a traditional and stable market for gold consumption. The present and future production of gold will not be sufficient to meet the ever increasing demand. Therefore, efforts will be required to reduce the gap between production and demand. The projected imports at the growth rate of 11% during 2012-17 are 9,305 tonnes at an average of 1,861 tonnes per year, as per the report of the working group for 12th five year plan, Planning Commission of India. During the 12th Plan period, gold production is projected at 28 tonnes from mines and 16 tonnes as by product.

SUMMARY OF OUR BUSINESS

We are in the business of mineral exploration focused on making discoveries of gold deposits that are suitable for commercial exploitation. We have explored an area of around 6,574 sq. kms. in Dharwar Shimoga Greenstone belt, Hutti-Maski Greenstone Belt, Mangalur Schist Belt in the State of Karnataka and Attapady Valley in Kerala. Multi parametric exploration techniques have been adopted as per international standards in the RP Blocks that resulted in delineating a number of gold bearing prospects. Some of these prospects have been explored further by drilling that resulted in defining drilled resources.

Our exploration activities generally comprises of remote sensing studies, regional and detailed geological mapping, regional and detailed geochemical and geophysical survey, topographic survey, drilling and chemical analysis of the samples. These activities are conducted under our supervision by independent consultants / contractors. Chemical analysis of samples is done at an accredited laboratory.

As on date, a total of 15 Prospecting License applications (PL) and 3 Mining Lease applications (ML) have been submitted by us and our Subsidiary, which are pending for approval with relevant State Government / Ministry of Mines. Further, we have been granted 2 Prospecting License by concerned State Government / Ministry of Mines. Further, we have also entered into an agreement for transfer of 3 RPs and/or PLs arising out of such RPs with Geomysore Services (India) Private Limited ("GMSI"), a company engaged in the business of mineral exploration. From the aforesaid 3 RPs, GMSI has filed applications for 7 PLs with the concerned State Government. For details of the same, refer to the section titled "Government and Other Approvals" on page 97 of the Draft Letter of Offer. Our Company is also considering to acquire GMSI, for details of which refer to section titled "History and Certain Corporate Matters" on page 50 of the Draft Letter of Offer.

Reconnaissance Permit (RP) means a permit granted for preliminary prospecting of a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping, but does not include pitting, trenching, drilling, except drilling of boreholes on a grid specified from time to time by the Central Government, or sub-surface excavation). The person who undertakes reconnaissance operations under RP enjoys preferential right for grant of prospecting license subject to conditions prescribed under MMDRA and rules made thereunder.

Prospecting License (PL) means a license granted for the purpose of undertaking operations for purpose of exploring, locating or proving mineral deposit. Upon the expiry of the RP and subject to the area still being prospective, the RP holder can apply for a PL which enables the PL holder to undertake detailed deep underground exploratory work in the area to establish the feasibility of developing a mine. A progress report of exploration work carried out within the PLs is required to be filed with Government departments every six months. The PL is granted for a maximum period of 3 years and for a maximum area of 25 square kilometer in a state that can be increased by the Central / State Government in the interest of mineral industry. A PL can be renewed in such a manner that the total period for which a PL is granted does not exceed 5 years.

Mining Lease (ML) means, a lease granted for the purpose of undertaking mining operations. A ML for any mineral or prescribed group of associated minerals is granted for a maximum period of 50 years and for a maximum area of 10 square kilometer in a state that can be increased by the Central / State Government in the interest of mineral industry.

Our Key Projects are located across the State of Karnataka. The key gold projects and summary of the applications made by us are as under:

Summary of PLs / MLs granted to or applied by us

Sr. No.	Area	PL / ML applied for	PL / ML granted	Total area available and applied for (in sq. km.)
(a)	Dharwar Shimoga Belt (Karnataka) - Ganajur, Karajgi and its clusters, Turkara-Sigihalli, Mangalagatti, Bhavihal, Lakkikoppa, Kulavalli in the Western Dharwar Craton.	No. of PLs: 5 No. of MLs: 2	No. of PLs: 2 No. of MLs: Nil	PLs: 24.4 * MLs: 3.09

Sr. No.	Area	PL / ML applied for	PL / ML granted	Total area available and applied for (in sq. km.)
(b)	Hutti North, Hirenagnur, Yatkal, Uti, Wandalli in the Hutti-Maski Greenstone Belt (Karnataka) of Eastern Dharwar Craton.	No. of PLs: 8 No. of MLs: 1	No. of PLs: Nil No. of MLs: Nil	PLs: 142.60 MLs: 0.65
(c)	Mangalur Greenstone Belt (Karnataka)- Fatehpur-Hadanur and Arakeri-Shakhapur in Yadgir District of Karnataka	No. of PLs: 2 No. of MLs: Nil	No. of PLs: Nil No. of MLs: Nil	PLs: 90 MLs: Nil

* including area of 6.2 sq. km for which PL granted.

Summary of PLs granted to or applied by GMSI

Sr. No.	Area	PL applied for	PL granted	Total area available and applied for (in sq. km.)
(a)	Sanbal-Maski, Buddini, Udbal Dinnisandra in the Hutti-Maski Greenstone Belt (Karnataka) of Eastern Dharwar Craton.	No. of PLs: 3	No. of PLs: Nil	PLs: 57.70
(b)	Ramagiri Gold Field (Andhra Pradesh)- Ramagiri, Boksampalli in the Archaean Eastern Dharwar Craton.	No. of PLs: 2	No. of PLs: Nil	PLs: 35.32
(c)	Mangalur Greenstone Belt (Karnataka)- Jainapur, Mangalur located towards north of Hutti Belt.	No. of PLs: 2	No. of PLs: Nil	PLs: 2.3

Details of the projects / prospects of DGML & DESPL:

1. Dharwar Shimoga Belt

DESPL explored a large area in Dharwar-Shimoga Greenstone belt covered under 2 RP blocks and succeeded in identifying 22 gold prospects. DESPL has received 1 PL for Ganajur-Karajgi for an area of 2.2 sq. kms in the year 2009 and further filed for 6 Prospecting License and 2 Mining Lease applications covering all the important prospects. In addition, out of the six PL applications, Government of Karnataka has notified the grant of another PL for an area of 4 sq. kms in Magalagatti in 2012. However, the PL deed has not yet been executed. The Dharwar-Shimoga Belt Projects are at present considered as Flagship projects with Ganajur Main Gold Deposit being the lead project.

Ganajur- Karajgi PL Block (Ganajur Main Gold Deposit & its Satellite Prospects)

Ganajur-Karajgi PL Block is in Dharwar-Shimoga greenstone belt in the Western Dharwar Craton. Gold mineralization in the area is hosted within a rock unit known as Banded sulphidic chert. DESPL during its RP tenure carried out systematic reconnaissance in the Hanagal RP block covering an area of 1,542.2 Sq km.

DESPL has been granted the Prospecting Licence over an area of 6.2 sq.kms by the Government of Karnataka vide CI.157:MMM.2005 dated September 10, 2009 for which PL Deed was executed on September 25, 2009 and vide CI.61:MMM.2007 dated October 11, 2012 for which PL Deed is yet to be executed. DESPL's Mining Lease application over an area of 29.14 Ha covering the most important Ganajur Main deposit has been recommended by the State Government of Karnataka to the Ministry of Mines, GOI, New Delhi for approval. Government of Karnataka has approved the land acquisition process through Karnataka Industrial Areas Development Board (KIADB), for which DESPL has submitted application to the KIADB in March, 2013.

GANAJUR MAIN GOLD PROJECT

DESPL carried out closed spaced drilling under PL stage as per International norms to discover an open pittable gold resource. DESPL has so far completed around 6,000 metres of drilling that includes 4,166 metres of diamond core and 1,219 metres of Reverse Circulation drilling at Ganajur Main Prospect.

Key developments on Ganajur Main gold project

a) DGML has entered into MOU with Government of Karnataka to establish a gold mining industry in this project area.
b) Mining Lease application is under consideration at Ministry of Mines, New Delhi.
c) State Level Expert Appraisal Committee (SEAC), Karnataka has accepted application for Terms of Reference (TOR) and issued a letter of TOR for the proposed "Ganajur Gold Mines" of 2000 TPD gold ore production. DESPL has requested for an extension of this TOR for a period of one year till January 2016 citing delay in grant of mining lease.
d) DESPL's application of TOR for the proposed 2000 TPD processing plant with the MoEF has also been accepted and the MoEF has issued a letter of TOR for the proposed 2000 TPD processing plant. DESPL has requested for an extension of this TOR for a period of one year till April 2016 citing delay in grant of mining lease.
e) DESPL has taken up the environmental studies in and around the project area as per the Terms of Reference issued by both SEAC and MoEF.
f) The Government of Karnataka accorded its approval by its order dated April 28, 2012 to acquire 200 acres of land through KIADB. DESPL has submitted application with the KIADB for acquisition of land for the plant and mines on March 25, 2013.

Project Description

Ganajur Main Gold deposit is a discovery of DESPL as a result of systematic and scientific exploration carried out during the reconnaissance permit as well as the PL stage. DESPL recognized the mining potential and submitted a mining lease application over an area of 29.14 ha covering Ganajur Main Gold deposit. The mining lease application submitted by DESPL has been duly recommended by the Karnataka State Government to the Ministry of Mines, New Delhi for grant of ML and is presently pending with the Ministry.

Gold Recovery

Recovering the precious metal gold from the ore sample envisages grinding the ore to an optimum level of fineness and subjecting it to mineral separation processes. The fineness of grind has to be optimized based on the efficient gold recovery process. The first stage in gold recovery is by Gravity separation, which is easy to operate and cost effective. This will be followed by cyanidation of the ore slurry and recovering gold by Carbon-in-Pulp (CIP) or Carbon-in-Leach (CIL) routes. At each stage samples will be drawn to test the efficacy of the method and to check the residual gold.

Details of Proposed Mining Operation:

The selection of proper mining method is very important for any mining project and it primarily depends on no. of factors, which are stated as follows:

- the nature and occurrence of the deposit
- dip & strike of the deposit
- the size, physical and chemical characteristics of the deposit
- the shape and structural features of the deposit
- quantum of waste material to be generated during the process
- the method adopted already
- type of hanging wall and footwall
- percentage of payability and depth

Employment Generation

Ganajur Gold Project is expected to create employment opportunities in the villages which will contribute to the socio-economic development of this area. The project is likely to employ around 250 people directly and another 500 people indirectly through ancillary industries.

Mineral Resource Statement Ganajur Main Gold Deposit, India, SRK Consulting

Category	Quantity (tonnes)	Grade Gold (gpt)	Contained metal gold (ounce)
Indicated			
Sulphide	1,921,000	3.83	237,000
Oxide	631,000	3.19	65,000
Total Indicated	**2,552,000**	**3.67**	**301,000**

Category	Quantity (tonnes)	Grade Gold (gpt)	Contained metal gold (ounce)
Inferred			
Sulphide	93,000	1.82	5,000
Oxide	17,000	3.26	2,000
Total Inferred	**109,000**	**2.06**	**7,000**

(Source: Report of SRK titled "Updated Mineral Resource Estimate and Preliminary Assessment of the Economic Potential of the Ganajur Main Gold Project, Karnataka, India" dated February 03, 2012)

KARAJGI MAIN PROSPECT

Karajgi Main is located at 1 km South East of Ganajur Main Prospect. Karajgi Main comprises of a southern auriferous BIF for which a drilled resource of 90000 tonnes averaging 2.23 g/t was estimated by us at the end of the RP tenure. Further, DESPL compiled all the data generated under RP and PL stages in Karajgi Main prospect and a 3D resource model was generated. The ore body section was constructed using 0.5 g/t Au as cut off and a minimum width of 1m. Based on these data DESPL revised the resource estimate for Karajgi Main Prospect. An inferred resource of 26500 ozs of gold over 3.05 g/t Au category is estimated.

Ganajur South East Prospect:

Ganajur southeast prospect is located at 1.2 km SE of Ganajur Main prospect. The mineralized zone considered as the southeastern extension of Ganajur Main Gold Deposit. Ganajur SE prospect was discovered during RP stage that was further confirmed by detailed trenching and drilling under Prospecting Licence. Ground Geophysical IP survey had indicated significant chargeability anomaly extending for nearly 2.8 kms that included Ganajur SE prospect. Initial drilling in this prospect passed through significant gold mineralisation that included gold value of 6.23 g/t over 15.0m width in one of the drill holes. Encouraged by these findings a close spaced diamond core drilling programme was carried out involving 1276.95 metres from 15 drill holes.

Based upon the exploration data generated so far, DESPL has estimated resource of 35000 ozs in this prospect to a vertical depth of 110 metres using a gold cut-off grade of 0.5 g/t. The data reveals that the Ganajur SE ore body is open along the strike and depth.

Mangalagatti Prospect:

Mangalagatti prospect is located 12 to 20 kms north of Dharwar city. It forms part of the 'Dharwar Cluster' of gold bearing sulphidic Chert bands. These prospects are considered as potential like the Ganajur-Karajgi cluster near Haveri. DESPL's application of Prospecting License over an area of 4 sq.kms and covering the Mangalagatti Prospects was approved by Ministry of Mines and Government of Karnataka issued grant order in the month of October, 2012 and the PL is expected to be executed shortly.

Initial exploration during the RP tenure in the Mangalagatti SE prospect by RC drilling and channel sampling had revealed significant gold mineralization. An inferred resource of 1.5 million tones @ 1.63 g/t Au was estimated by us based upon results of shallow RC drilling programme.

Bhavihal Prospects

Bhavihal Prospect is located at a distance of 8 kms north west of Mangalagatti prospect. Preliminary channel sampling followed by RC drilling during the RP tenure had brought out a wide gold mineralisation hosted in Banded sulphidic chert. As a result of this preliminary investigation an area of 400 metres was delineated and an inferred resource of 74,000 oz of Au was estimated by us @ 1.76 g/t Au. DESPL further conducted a preliminary IP survey on 3 lines. All three lines have revealed two moderate chargeability anomalies with co-incident resistivity highs.

2. Hutti-Maski Belt Projects

The Hutti-Maski belt prospects are located in the Raichur district of Karnataka State. DESPL explored an area of 501.48 sq km in the Hutti - Maski Greenstone Belt during its RP by modern exploration methods. The exploration work comprised of Multi parametric Geophysical survey such as Induced Polarization (IP), Resistivity and 145 line km of magnetic surveys in selected prospects. Geochemical exploration involving collection and analysis of 347 stream sediment samples, 85 termite mound samples, 819 soil samples, 4933 bedrock samples and 1646 channel profile samples was done. All these samples were analysed at an accredited analytical laboratory for gold and associated elements. Based on results from the geophysical and geochemical exploration, DESPL completed 3800 metres of reconnaissance reverse circulation (RC), DTH and diamond core drilling in the RP Block in some of the prospects. A total of 2296 drillhole samples were analysed for gold. The exploration under RP led to defining 21 gold prospects for detailed prospecting under Prospecting Licenses (PLs). A total of 8 PL applications and 1 ML application in Hirenagnur have been filed with the Karnataka State Government by DESPL.

Hutti North Prospect
DESPL's exploration involving IP geophysical survey, bedrock-geochemical sampling, channel sampling, and limited drilling has resulted in tracing 5 mineralised zones. A detailed drilling programme will be undertaken to explore the highly prospective Hutti North prospect once the PL is granted. For details of litigations related to Hutti North Prospects, refer to the section titled "Outstanding Litigations and Material Developments" on page 94 of the Draft Letter of Offer.

Hirenagnur Prospect:
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 indicates presence of 4 parallel mineralised zones of which the eastern most zone i.e zone III has a strike length of 600 metres. 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 investigated by detailed drilling.

We carried out detailed ground magnetic survey to explore strike extension of the mineralization. The magnetic survey was successful in tracing a high magnetic anomaly for a length of 3.2 km coinciding with the main Hirenagnur mineralization and its extension towards north and south. Hirenaganur prospect is a structurally controlled mineralization. Therefore, the continuity of gold bearing structures is expected up to several hundred metres. Applications have been filed for both PL as well as a ML.

Competition

There is sufficient demand in India to absorb all of the eventual potential of our gold production. There are no marketing or export plans in place as demand for gold in India presently far exceeds the Indian supply. Gold is an international commodity with a ready international market for the metal.

Hutti Gold Mines Limited, a Government of Karnataka undertaking, is the only other prominent player engaged in gold exploration and mining in India.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as Wimper Trading Limited on November 29, 1984 under the Companies Act, 1956 with the Registrar of Companies Maharashtra. The name of our Company was changed to Deccan Gold Mines Limited on March 19, 2003. The Corporate Identification Number of our Company is L51900MH1984PLC034662. The registered office is presently situated at Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 w.e.f. February 04, 2014.

We came out with its Initial Public Offering in February 1985. Our Company later came out with a rights issue of Equity Shares in January, 2004 for meeting expenditure towards proposed exploration activities. The Equity Shares of our Company are presently listed on BSE.

Our Company was promoted by Kanoria Group and was engaged in the business of trading and brokerage activities. On October 16, 2002, Rama Mines (Mauritius) Limited ("RMML") had entered into an agreement with the erstwhile promoters of our Company to acquire 69.36% of the then paid up share capital of our Company at a price of ₹ 18.50 per equity share. Consequently, RMML also made an open offer to public shareholders of our Company in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and acquired control of our Company as Promoter.

Major events in the history of Our Company since inception

Year	Key events, milestones and achievements
1985	Our Company came out with an Initial Public Offering
2002	Takeover of the management and control of our Company by RMML
2003	Change of name of our Company from Wimper Trading Limited to Deccan Gold Mines Limited
	DGML enter into agreement with GMSI for transfer of RPs
2004	Rights Issue in the ratio of 20:1 at par, i.e. Re. 1 per equity share
2005	Acquired 100% holding in DESPL

Main Objects

The Main objects as per the Memorandum of Association of the Company are as under:

1. To carry on the business of dealers, importers, exporters, commission agents or otherwise of cotton, jute, cotton goods, jute goods, textiles, yarn, synthetic goods, fibrous materials, mill stores, coal, chemicals, paper, engineering goods and cast materials, mill stores, coal, chemicals, paper, engineering goods and cast iron items and to deal in agricultural implements and other machinery.
2. To purchase, take on lease or otherwise acquire freehold and other lands, properties, mines and minerals properties, and exploration rights, concessions, leases, claims, licenses of or other interest in mines, minning and offshore rights, minerals properties and water rights either solely or jointly with others and to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for gold, silver, minerals, ores, diamonds and precious stones, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or by-products thereof.
3. To carry on the business as land and mine owners, miners, metallurgists, metal workers and to acquire by purchase, concession or lease, to take in exchange or otherwise, or to erect, construct and alter, buildings, roads, shafts, furnaces, crushing and other machinery, works for smelting or otherwise treating, removing and storing metals and minerals, and for crushing, working, manufacturing, purifying, cutting, polishing or otherwise processing precious metals and precious stones, minerals, ores, earth and other substances.

Subsidiary Companies

We have one subsidiary company namely Deccan Exploration Services Private Limited.

Deccan Exploration Services Private Limited

Deccan Exploration Services Private Limited was incorporated on September 25, 1997 under the Companies Act, 1956 as Indophil Resources Exploration Services (India) Private Limited. The name of the said company was changed to Deccan Gold Exploration Services Private Limited and the Fresh Certificate of Incorporation was issued by the Registrar of Companies, Karnataka, w.e.f February 20, 2008. Subsequently the name of the said company is changed to Deccan Exploration Services Private Limited and the Fresh Certificate of Incorporation was issued by the Registrar of Companies, Karnataka, on March 20, 2009. Corporate Identification Number of the Company is U27205KA1997PTC022819. The Registered Office of the company is situated at No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru - 560 102.

The Main objects as per the Memorandum of Association of the Company are as under:

1. To carry on the business of operating mines; and / or in the prospecting and exploration of, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all kinds of ores, metals, minerals, hydrocarbons, acids and chemicals, and in the products and by-products thereof, of every kind and description and by whatsoever process the same can be or may hereafter be produced.
2. To purchase, take on lease or otherwise, acquire any mining rights, mines and lands in India believed to contain metallic, or mineral, saline or chemical substances, ores, metals, minerals, hydrocarbons, acids and chemicals or other ingredients including oil, petroleum, gold, silver, diamonds, precious stones, coal, earth, limestone, iron, aluminum, titanium, vanadium, mica, apalite, chrome, copper, gypsum, lead, manganese, nickel, platinum, tin, zinc, bauxite and other ores and minerals.
3. To acquire by concession, grant, purchase, barter, lease, license or otherwise any tract or tracts on land or water in India or elsewhere together with such rights, as may be agreed upon and granted by Government or owners thereof, and to expand such sums of moneys as may be deemed requisite and advisable in exploration, survey and development thereof.
4. To carry on all or any of the businesses of prospecting, exploring, opening and working mines, drill and sink shafts or wells and to pump, refine, raise dig and quarry for oil, petroleum, gold, silver, diamonds, precious stones, coal, earth, limestone, iron, aluminum, titanium, vanadium, mica, apalite, chrome, copper, gypsum, lead, manganese, nickel, platinum, tin, zinc, bauxite and other ores and minerals.

Deccan Exploration Services Private Limited is wholly owned subsidiary of Deccan Gold Mines Limited.

Board of Directors as on December 31, 2014

Mr. Karunakaran Krishnamurthy	Director
Mr. Moni Ramakrishnan	Director
Mr. Peshwa Saradchandra Rao	Director

Shareholding Pattern as on December 31, 2014

Name	No. of equity shares	% of shareholding
Deccan Gold Mines Limited	9,999	99.99
Karunakaran Krishnamurthy	1	0.01
Total	**10,000**	**100.00**

The face value of the equity shares of Deccan Exploration Services Private Limited is ₹ 10/- per equity share.

Allotment of redeemable preference shares after March 31, 2014;

DESPL has issued and allotted 180,000 redeemable preference shares ("RPS") during the financial year 2014-15, the details of which are as under:

- The face value of RPS is ₹ 100 per share and issued at face value;
- The RPS will carry a dividend of 0.0001% p.a.; and
- The RPS will be redeemed on completion of 12 months from the date of issue with an option with the Board of DESPL for early redemption.

Financial performance

(₹ in million)

Particulars	March 31, 2014	March 31, 2013
Total Income	18.52	8.70
Profit after Tax	(0.70)	(1.64)
Equity share capital	0.10	0.10
Reserves & Surplus	6.87	6.94
Net Worth	6.97	7.04

Technical and Commercial Consultancy and Advisory Services Agreement with Hira Infra Tek Private Limited ("HITPL")

DESPL has entered into an agreement with HITPL on November 15, 2012, wherein HITPL will provide technical and commercial consultancy and advisory services to DESPL in the development of the Ganajur Gold Project and in consideration of which HITPL will be entitled to a stake of 9% in Ganajur Gold Project. HITPL will be allotted shares only after the execution of the mining lease deed for Ganajur Gold Project between DESPL and the State Government of Karnataka. The aforesaid agreement is valid for 3 years and can be extended for another 2 years with consent of both the parties.

Further, an addendum dated November 15, 2012 has also been entered into with respect to the aforesaid agreement agreeing to the following:

- The valuation of the project will be done by independent internationally recognized global consultancy firm;
- DESPL might request DGML to consider issuing its equity shares worth 9% of the Ganajur Gold Project to HITPL;;
- DESPL will arrange for issue of shares to HITPL or , if commercially feasible, shall transfer the Mining Lease of the project to a separate SPV / company / any other arrangement to facilitate the issue of shares in aforesaid percentage;
- If allotment cannot be made, DESPL will consider (i) providing equity in similar project of DESPL of equivalent value (9% of project) acceptable to HITPL or (ii) by making cash payment equivalent to 9% of the project cost to HITPL, or (iii) any other mechanism acceptable to both the parties;
- HITPL will be entitled to nominate its director on the board and also a nominee in the management committee of the board;
- Any expenses incurred by HITPL towards Ganajur Gold Project shall stand forfeited in case DESPL decides not to proceed with the project and HITPL shall have no recourse against DESPL. . However, in such case, HITPL shall have an option to take control of the Ganajur Gold Project at its own cost and DESPL shall demerge/transfer the Ganajur Gold Project into a separate SPV for no consideration;
- Post taking over the Project by HITPL, if the project becomes viable within 5 years, DESPL shall have an option to buy back upto 50% stake of HITPL in the project at fair market value of the Project;
- If HITPL wants to transfer all or any part of its stake to a third party, then it shall first offer the same to DESPL, who shall purchase all or part of the entitlement so offered within a period of 60 days from the date of HITPL's offer. If DESPL does not purchases the entitlement offered for sale within 60 days, then HITPL shall have the option to sell the same to any third party on the same terms and conditions as offered to DESPL within a period of 60 days;
- If DESPL received an offer from a third party for the purchase of all or any part of its stake entitlement in the Project, it shall notify HITPL of all the terms of the offer in writing and its intention to accept the offer. DESPL shall have the right to require HITPL to join it in accepting the offer of the third party.

Takeover of Geomysore Services (India) Private Limited ("GMSI") by our Company

The Board of our Company has proposed acquisition of Geomysore Services (India) Private Limited, including amalgamation of the same with our Company. The Company believes that the proposed takeover of GMSI would bring in terms of consolidation of gold assets to create a large Indian listed gold company, your Directors opined that further drilling in the Jonnagiri Gold Project, which is the key gold project of GMSI, would be necessary to assist in finalization of the valuation sought for GMSI for takeover purposes. During September, 2014 GMSI indicated that it has drawn up a drilling programme of 15,800 m in the Jonnagiri Gold Project, of which at least 5000 m drilling is expected to be completed by the end of January, 2015.

Accordingly, at the meeting held on 23 September, 2014, the Board have decided that the proposed takeover of GMSI would be revisited as and when the drilling data becomes available from GMSI in respect of the 5000 m drilling at the Jonnagiri Gold Project and an appropriate decision be taken at that time.

Other Agreements

Except as disclosed under "Material Contracts and Documents for Inspection" mentioned on page 140 of the Draft Letter of Offer, there are no other material agreements or contracts, which have been entered into by us within a period of 2 years prior to the date of the Draft Letter of Offer, and which are subsisting as on date.

We have executed three agreements with Geomysore Services (India) Private Limited ("GMSI") for transfer of three RPs originally applied for by GMSI and the PLs arising out of such RPs. The details of the agreements entered into is as under:

(₹ in millions)

Transferor	Transferee	Date of agreement	Asset mentioned in agreement	Area (sq. km.)	Consideration
GMSI	DGML	May 22, 2003	Hutti Maski: RP No. 4/2000 dated November 03, 2000	315	1.00
GMSI	DGML	May 22, 2003	Mangalur: RP No. 5/2000 dated November 03, 2000	125	0.10
GMSI	DGML	May 22, 2003	Ramagiri: RP No. 345/MI/ 2001 dated February 2, 2001	260	0.50

One of the major terms of the aforesaid agreements is that in the event the reconnaissance operations lead to any discovery of an economically feasible gold deposit, GMSI will be entitled to a Net Smelter Return Royalty of 2% for the life of the mine. However, none of the aforesaid transfers has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

As a result of reconnaissance operations, 7 PLs have been filed with Government authorities by GMSI, details of which are given under the chapter titled "Government and Other Approvals" on page 97 of the Draft Letter of Offer.

OUR MANAGEMENT

As per the Articles of Association of our Company, we shall not have less than three or more than 12 Directors on our Board of Directors. The following table sets forth certain details regarding the Board of Directors as on the date of the Draft Letter of Offer:

Sr. No	Name, Father's Name, Designation, Address, Occupation, Date of Appointment, Tenure and DIN	Age (in years)	Nation-ality	Directorship / Partnership in other entities (including foreign companies)
1.	**Mr. Charles Edward English Devenish** **Chairman** S/o Mr. F.A.E. Devenish **Address**: Villa No. 432, Adarsh Palm Retreat, Phase 2, Devarabisinahalli, Bengaluru - 560 103 **Occupation**: Business **DIN**: 01252091 **Date of Appointment**: January 21, 2003 **Term**: Liable to retire by rotation	74	Australian	• Metquest Research India Private Limited • Vasundhara Metal Mining Private Limited • Australian Indian Rural Development Foundation • Vajra Diamond Mining Private Limited • Rama Mines (Mauritius) Limited, Mauritius • Australian Indian Resources Limited, Australia
2.	**Mr. Sandeep Lakhwara** **Managing Director** S/o Mr. Krishan Sarup Lakhwara **Address**: No. S-2, 27, Park Avenue, HSR Layout, 1st Sector, 24th Main Road, Bengaluru - 560 102 **Occupation**: Professional **DIN**: 01049978 **Date of Appointment**: July 31, 2002 **Term**: April 30, 2016	59	Australian (Overseas Citizen of India)	• Indo-Australian Chamber of Commerce
3.	**Dr. Krishnamurthy Ramaswamy Kuduvalli** **Independent Director** S/o Mr. Ramaswamy Kuduvalli **Address**: 181, Raghava 17th Main, Banashankari, 2nd Stage Bengaluru - 560 070 **Occupation**: Consultant **DIN**: 00556641 **Date of Appointment**: April 24, 2004 **Term**: Till December 30, 2019	76	Indian	• Nil
4.	**Prof. Vinod Kumar Gaur** **Independent Director** S/o Mr. Indra Bahadur Gaur **Address**: No. 101, Windsor Court 73, Millers Road Bengaluru - 560 046 **Occupation**: Consultant **DIN**: 00611175 **Date of Appointment**: April 24, 2004 **Term**: Till December 30, 2019	78	Indian	• Nil
5.	**Mr. Moni Ramakrishnan** **Independent Director** S/o Mr. Sankaranarayanan Moni **Address**: Flat No. 8, Mani Pallavam 29, Balakrishna Road, Valmiki Nagar Chennai - 600 041 **Occupation**: Consultant **DIN**: 01193152 **Date of Appointment**: April 24, 2004 **Term**: Till December 30, 2019	74	Indian	• Deccan Exploration Services Private Limited

Brief Biography of our Directors:

Mr. Charles Edward English Devenish, Aged 74 years, our Chairman, has extensive experience spanning over 55 years in mining, with a large range of interests in India, Australia and Burma. He has strong involvement in mineral exploration in Australia and overseas for decades. For 38 years, he was the Principal of Charles Edward Jewellers, one of Australia's leading specialist retail and wholesale outlets with international links in Europe, Middle East and USA. He also acted as an advisor to the Government of Vietnam on the development of that country's gemstone mining and cutting industry. Charles moved to India in August, 2002 and ever since has been actively liaisoning with various Government Departments and providing support and guidance to progress the development of gold exploration and mining industry in India. Charles active role in exploration and mining projects, his profound knowledge of the mining industry, his extensive corporate background and his concerns for Indian rural development based on mining provide significant and valued input to the Company.

Mr. Sandeep Lakhwara, Aged 59 years, our Managing Director, has over 35 years of experience in the field of mining. Educated at Curtin University in Western Australia and a member of the Australian Society of Certified Practising Accountants (CPAs), Sandeep has been a principal and partner of several Australian based accounting practices specializing in capital raisings for the mineral industry, financial planning and corporate regulatory requirements for publicly listed companies. He was appointed on the Board of our Company in July 2002 and since then is primarily responsible for the growth of Deccan Gold Mines Limited and is the Managing Director of the Company. Sandeep has made various presentations on factors influencing gold pricing, the operation and business model of international mineral exploration companies, and is regularly called upon to contribute articles on the gold mining industry to various newspapers and magazines.

Dr. Krishnamurthy Ramaswamy Kuduvalli, Aged 76 years, our Independent Director, is a well known Mining Engineer, practising as a consultant since 1990. He is B.Sc.Chartered Engineer (from Institute of Engineers (India)) and holds a Diploma in mining & First Class Mine Managers Certificate of Competency and is having an experience of over 54 years. Earlier he had worked for then Kolar Gold Mining Undertakings in Kolar Gold Fields, copper mines for Indian Copper Corporation Limited, Chitradurga Copper Company Limited and Ashati Gold Fields Corporation, Limited (Ghana, West Africa). He is a mining consultant and advise many mineral based industries in India and abroad.

Prof. Vinod Kumar Gaur, Aged 78 years, our Director, is an eminent geoscientist. He is holder of Doctorate of Philosophy from University of London and has an experience of over 55 years. He is a former Director of the National Geophysical Research Institute, Professor at Professional University of Roorkee and the Indian Institute of Astrophysics. He has also been Secretary to the Government of India during 1989-96. Presently he is an Independent Director on the Board of our Company.

Mr. Moni Ramakrishnan. Aged 74 years, is a well known Precambrian Geologist. He is M.Sc. (Geologist) and has completed PHD (Geology and Geochemistry) and is having an experience of over 54 years. He was earlier Senior Deputy Director General of the Geological Survey of India. He is a Fellow of the Indian Academy of Sciences and Vice President of the Geological Society of India. Presently he is an Independent Director on the Board of our Company.

Relationship between Directors

None of our Directors are related to each other. We further confirm that:

- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Director were selected as Director or member of Senior Management.
- There are no service contracts executed between our Company and any of our Directors providing for benefits upon termination of employment.

Further none of our Directors were either director on board of listed companies that have been delisted from any Stock Exchanges or hold any current and past directorship(s) during the preceding five years in listed companies whose shares have been or were suspended from being traded on BSE or NSE.

Borrowing Powers of our Board of Directors

The members of our Company has passed a resolution through postal ballot on March 12, 2015, authorizing the Board of Directors of our Company to borrow from time to time all such monies as they may deem necessary for the purpose of business of our company notwithstanding that money borrowed by our company together with the monies already borrowed by our company may exceed the aggregate of the paid up capital and its free reserves provided that the total amount upto which monies be borrowed by the Board of Directors shall not exceed the sum of ₹ 5,000 million at any point of time.

Remuneration of the Directors

The significant terms of Mr. Sandeep Lakhwara's appointment as the Managing Director, as per the Resolution passed by the members in their Annual General Meeting held on December 11, 2013 and subsequently modified vide resolution passed in their Annual General Meeting held on December 30, 2014 are as follows:

Tenure of Appointment	Appointed as Managing Director from May 01, 2013 to April 30, 2016
Salary Perquisites and Benefits	₹ 7,00,000 per month

Remuneration paid to Directors

The Non executive Directors of our Company are eligible for payment of sitting fees of ₹ 10,000 (Rupees Ten thousand only) w.e.f. December 2013 for every meeting of the Board attended by them. The detail of sitting fees paid to Non Executive Directors during the financial year ended March 31, 2014 is as under:

Name of the Director / Member	Sitting Fees paid for attending meetings of (in ₹)	
	Board	Audit Committee
Dr. Krishnamurthy Ramaswamy Kuduvalli	30,000	7,500
Mr. Moni Ramakrishnan	35,000	10,000
Prof. Vinod Kumar Gaur	35,000	7,500
Total	**100,000**	**25,000**

Interest of Directors

All of our directors may be deemed to be interested to the extent of their shareholding, remuneration / fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration paid in their professional capacity and / or reimbursement of expenses, if any, payable to them and the shares held by them in our Company.

Further, the Directors, who are also part of the Promoter Group, shall be deemed to be interested to the extent of the related party transactions entered into by our Company with the said Directors or their relatives or entities on which such Directors directly or indirectly exercise control. For details of related party transactions, refer to the para titled "Related Party Transactions" under the chapter "Financial Statements" on page 59 of the Draft Letter of Offer. Except as stated above our Directors do not have any other interest in our business.

Corporate Governance

Corporate Governance involves the building of a set of relationships between the Company, its Board, the management, the shareholders and other stakeholders by putting in place a structure and a system through which the established goals of the Company may be achieved. It denotes the process through which the Board of Directors oversees what the management does. Good governance is integral to the existence of a Company. It inspires and strengthens investor confidence by ensuring Company's commitment to higher growth and profits. Your Company's management and Board of Directors are committed to ensure good corporate governance in its operations. The Company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the BSE relating to Corporate Governance for the quarter ended and as on September 30, 2014. After amendment of Clause 49 w.e.f. October 01, 2014, the same is not applicable to our Company as the paid up equity share capital is less than ₹ 10 crores.

1. Audit Committee

The audit committee consists of the following members:

Name of Member	Designation
Dr. Krishnamurthy Ramaswamy Kuduvalli	Chairman
Mr. Moni Ramakrishnan	Member
Prof. Vinod Kumar Gaur	Member

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee also functions as the Compensation Committee consists of the following members:

Name of Member	Designation
Dr. Krishnamurthy Ramaswamy Kuduvalli	Chairman
Mr. Moni Ramakrishnan	Member
Prof. Vinod Kumar Gaur	Member

3. Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of the following members:

Name of Member	Designation
Dr. Krishnamurthy Ramaswamy Kuduvalli	Chairman
Mr. Sandeep Lakhwara	Member

OUR PROMOTER

The Promoter of our Company is Rama Mines (Mauritius) Limited, Mauritius.

Rama Mines (Mauritius) Limited

Rama Mines (Mauritius) Limited was incorporated as public company with limited liability on February 15, 2002 under the Mauritius Companies Act 2001 (Act No. 15 of 2001) with the Registrar of Companies, Republic of Mauritius and received Category 1 Global Business Licence by Mauritius Financial Services Commission under Financial Services Act 2007 on December 05, 2002. The registered office of the company is situated at 3rd Floor, Harbour Front Building, John Kennedy Street, Port Louis, Republic of Mauritius. The main object of Rama Mines (Mauritius) Limited is to act as investment holding company. The equity shares of Rama Mines (Mauritius) Limited are not listed on any stock exchange.

Reg. No. (Mauritius)	: 40047 C1/GBL
Global Business Licence No.	: C102000095
PAN (under Income Tax Act, 1961)	: AADCR4041G

Board of Directors
Mr. Tanya Sek Sum
Mr. Salim Jhumka
Mr. Charles Edward English Devenish

The summary of the financial statement for the financial years ended March 31, 2014 and 2013 is as under:

(amount in millions)

Particulars	March 31, 2014		March 31, 2013	
	USD	Rupees*	USD	Rupees*
Total income	0.10	6.22	0.003	0.18
Net profit after tax	(1.19)	(74.09)	(1.14)	(71.33)
Share Capital	0.13	8.23	0.13	8.29
Reserves & Surplus	11.92	745.13	13.15	821.78
Net Worth	13.17	753.36	13.26	830.07
Number of shares (face value USD 0.01 per share)	13,168,167	13,168,167	13,258,508	13,258,508
Book value per share (in USD / ₹)	0.92	57.21	1.00	62.61
Earnings per share (in USD / ₹)	(0.09)	(5.63)	(0.09)	5.38

* 1 USD = ₹ 62.49 (source: www.rbi.org.in, as on March 20, 2015)

FINANCIAL STATEMENTS

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of
DECCAN GOLD MINES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Deccan Gold Mines Limited**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 ("the act") read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 o f the companies act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, 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 appears from our examination of those books[and proper returns adequate for the purposes of our audit have been received from branches not visited by us];

c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3c) of section 211 of The Companies Act, 1956 read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 o f the Companies Act, 2013.

e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014

(b) in the case of Statement of Profit and Loss, of the **Loss** for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054
PLACE: Mumbai
DATED: 29 May, 2014

DECCAN GOLDMINES LIMITED

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

(Referred to in paragraph 1 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 sale 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 is adequate internal control system commensurate with the size of the Company and the nature of its business. 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.

5. 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 Rs. 5 lacs 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 Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it.

   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, service tax cess & other statutory dues which remained outstanding as at 31st March, 2014 for a period more than six months from the date they became payable.

10. The accumulated losses of the company are more than 50% of its net worth as at 31st March 2014. The company has incurred a cash loss of Rs 31.65 lacs in the current financial year and Rs.67.67 lacs in the 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 any guarantee in connection with loans taken by others from banks or financial institutions.

16. According to the records of the company, the Company has not taken any term loan.

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. The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company.

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 not raised any money by public issues during the period covered by our audit report.

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
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054
PLACE: Mumbai
DATED: 29 May, 2014

DECCAN GOLD MINES LIMITED
Balance Sheet as at 31st March 2014

(Amount in'000)

Particulars		Note No.	As at 31st March' 2014	As at 31st March' 2013
I.	**EQUITY AND LIABILITIES**			
Shareholders' funds				
(a)	Share capital	1	58,867	58,771
(b)	Reserves and surplus	2	(71,252)	(49,522)
(c)	Employee Stock Option Outstanding		4,769	10,503
(d)	Share Application Money		4,458	-
			(3,159)	**19,752**
Non-current liabilities				
(a)	Long-term provisions	3	793	739
			793	**739**
Current liabilities				
(a)	Trade payables	4	18,754	5,736
(b)	Other current liabilities	5	682	151
			19,436	5,887
	TOTAL (I)		**17,070**	**26,377**
II	**ASSETS**			
Non-current assets				
(a)	Fixed assets	6		
	(i) Tangible assets		607	796
	(ii) Intangible assets		7	12
	(iii) Capital work-in-progress		-	-
(b)	Non-current investments	7	100	100
(c)	Other non-current assets	8	2,115	2,115
			2,829	**3,023**
Current assets				
(a)	Current investments	9	-	16,612
(b)	Cash and cash equivalents	10	6,100	1,657
(c)	Short-term loans and advances	11	8,141	5,085
			14,241	**23,354**
	TOTAL (II)		**17,070**	**26,377**

Notes are integral part of the balance sheet & profit & loss account

As per our report of even date,		
For V.K. BESWAL & ASSOCIATES	For and on behalf of the Board	
CHARTERED ACCOUNTANTS		
FIRM REGN NO 101083W		
CA K.V.BESWAL	**Charles E.E.Devenish**	**Sandeep Lakhwara**
PARTNER	Chairman	Managing Director
Membership Number 131054		
Place : Mumbai	Place : Bangalore	**S. Subramaniam**
Dated : 29 May 2014	Dated : 29 May 2014	Company Secretary

DECCAN GOLD MINES LIMITED

Statement of Profit and Loss for the year ended 31st March 2014

(Amount in'000)

Particulars	Note No.	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
Other income	12	5,895	1,571
Total Revenue		**5,895**	**1,571**
Expenses:			
Employee benefits expense	13	2,870	5,409
Finance costs	14	26	14
Depreciation and amortization expense	6	194	266
Other expenses	15	6,164	6,086
Total expenses		**9,254**	**11,775**
Loss before extraordinary items and tax		**(3,359)**	**(10,204)**
Extraordinary Items			
Prior year adjustments		-	-
Loss before tax		(3,359)	(10,204)
Tax expense:			
(1) Current tax		-	-
Loss for the period		(3,359)	(10,204)
Earnings per equity share: Basic (in Rs.)		-0.06	-0.17
Earnings per equity share: Diluted (in Rs.)		-0.06	-0.17

Notes are integral part of the balance sheet & profit & loss account

As per our report of even date,

For V.K. BESWAL & ASSOCIATES	**For and on behalf of the Board**	
CHARTERED ACCOUNTANTS		
FIRM REGN NO 101083W		
CA K.V.BESWAL	**Charles E.E.Devenish**	**Sandeep Lakhwara**
PARTNER	**Chairman**	**Managing Director**
Membership Number 131054		
Place : Mumbai	**Place : Bangalore**	**S. Subramaniam**
Dated : 29 May 2014	**Dated : 29 May 2014**	**Company Secretary**

DECCAN GOLD MINES LIMITED
Notes to financial statements for the year ended 31st March 2014

Note: 1 Share Capital
A

Particulars	As at 31st March' 2014		As at 31st March' 2013	
	Numbers	RS.('000)	Numbers	RS.('000)
Authorised				
Equity Shares of Rs.1 each	100,000,000	100,000	100,000,000	100,000
	100,000,000	100,000	100,000,000	100,000
Issued, Subscribed & fully Paid up				
Equity Shares of Rs.1 each	58,867,250	58,867	58,771,250	58,771
Total	**58,867,250**	**58,867**	**58,771,250**	**58,771**

B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	As at 31st March' 2014		As at 31st March' 2013	
	Numbers	RS.('000)	Number	RS.('000)
At the beginning of the year	58,771,250	58,771	58,526,250	58,526
Add Shares Issued on exercise of Employee Stock Options	96,000	96	245,000	245
At the end of the year	**58,867,250**	**58,867**	**58,771,250**	**58,771**

C Shares held by holding company / ultimate holding company and/or their subsidiaries/associates

Particulars		Nature of Relationship	As at 31 March 2013	As at 31 March 2012
Equity Shares	NIL			

D Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	As at 31st March' 2014		As at 31st March' 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rama Mines (Mauritius) Limited	25,168,681	42.75	25,342,449	43.12

E The company has reserved issuance of 8,44,000 (Previous year 19,87,500) Equity shares of Rs. 1/- each for offering to eligible employees of the company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the Financial Year 2010-2011 the company has granted 30,00,000 option to the eligible employees at a price of Rs. 16.95/- per option plus all applicable taxes, as may be levied in this regard on the company. The Options would vest over a maximum period of 3 years or such other period as may be decided by the Employees Stock compensation Committee from the date of grant based on specified criteria.

F Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Equity Shares :	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

Note - 2 : Reserve and surplus

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
a. Capital Reserves		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
b. Securities Premium Account		
Opening Balance	103,469	98,177
(+) on allotment of Equity Shares	2,074	5,292
Closing Balance	105,542	103,469
c. Profit & Loss Account		
Opening balance	(63,467)	(53,262)
(+) Net Loss For the current year	(3,359)	(10,204)
Closing Balance	(66,826)	(63,467)
d. Preoperative Expenses		
Opening balance	(106,251)	(96,765)
(+) Incurred during the year	(20,445)	(9,486)
Closing Balance	(126,695)	(106,251)
Total	**(71,252)**	**(49,522)**

Note - 3 : Long Term Provisions

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Provision for Gratuity	793	739
	793	**739**

Note - 4 : Trade payables

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Due to Mirco, small and medium enterprises	-	-
Due to Others	18,754	5,736
Note: Based on the information available with the Company, there are no suppliers who are registered as micro small & Medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2014		
Total	**18,754**	**5,736**

Note - 5 : Other Current Liabilities

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
(i) Statutory dues	461	21
(ii) other liability	221	130
Total	**682**	**151**

Note 6 : Fixed Assets

Fixed Assets	Gross Block				Depreciation				Net Block (WDV)	
	Balance as at 01-04-2013	Additions	Disposals	Balance as at 31-03-2014	Balance as at 01-04-2013	For the Year	Written Back	Balance as at 31-03-2014	Balance as at 01-04-2014	Balance as at 31-03-2013
Tangible Assets :										
Land - Lease hold	2,864	-	-	2,864	2,864	-	-	2,864	-	-
Plant and Equipment	1,138	-	-	1,138	755	115	-	870	268	383
Vehicles	502	-	-	502	460	11	-	471	31	42
Computer	268	-	-	268	248	8	-	256	12	20
Furniture and Fixtures	563	-	-	563	399	30	-	429	134	164
Office equipment	452	-	-	452	265	26	-	291	161	187
TOTAL	**5,788**	**-**	**-**	**5,788**	**4,992**	**190**	**-**	**5,181**	**607**	**796**
Intanghible Assets:										
Computer Software	146	-	-	146	135	5	-	139	7	12
Total										
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Intangible assets under development	-	-	-	-	-	-	-	-	-	-
Total	**5,934**	**-**	**-**	**5,934**	**5,127**	**194**	**-**	**5,321**	**614**	**808**
Previous Year	5,935	-	-	5,935	4,860	266		5,126	809	-

Note - 7 : Non-current investments

Particulars	As at 31 March' 2014	As at 31 March' 2013
	RS.('000)	RS.('000)
Investments in Wholly Owned Subsidiary Company: 10,000 Equity Shares of Rs.10 Each of Deccan Exploration Services Pvt Ltd fully paid up	100	100
Total	**100**	**100**

Note - 8 : Other Non-current Assets

Particulars	As at 31 March' 2014	As at 31 March' 2013
	RS.('000)	RS.('000)
Security Deposits	2,115	2,115
Total	**2,115**	**2,115**

Note - 9 : Current investments

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Investments in Mutual Fund: BNP Paribas Money Plus Fund Weekly Dividend (P Y Market Value Rs. 166.28 Lacs)	- -	16,612
Total	**-**	**16,612**

Note - 10 : Cash and Cash Equivalents

Cash and cash equivalents	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
a. Balances with banks		
On current accounts in scheduled bank	6,044	1,580
b. Cash on hand	56	77
	6,100	**1,657**

Note - 12 : Other Income

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Profit on Sale of Investment	23	20
Dividend Income	680	1,551
Reversal of Expenses on Employee Stock Option Scheme	5,192	-
Total	**5,895**	**1,571**

Note - 13 : Employee Benefit Expenses

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Salaries & wages	2,838	2,226
Expenses on Employee Stock Option Scheme	-	3,170
Staff welfare expenses	32	12
Total	**2,870**	**5,409**

Note - 14 : Finance costs

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Bank Charges	17	14
Interest Paid	8	0
Total	**26**	**14**

Note - 15 : Other expenses

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Electricity Expenses	151	116
Listing Fees	230	262
Rent	2,012	2,037
Rates and taxes	24	7
Repair and maintenance	347	247
Directors Remuneration	1,200	1,200
Bussiness promotion & Advertiesment Exp.	1,080	1,070
Travelling and conveyance	252	218
Communication Expenses	13	21
Legal and Professional fees	539	597
Directors' sitting fees	125	63
Auditor's remuneration	155	226
Loss on Disposal of Assets	-	-
Miscellaneous expenses	4	3
Membership & Subscription fees	32	20
Total	**6,164**	**6,086**

Payments to Auditor

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	RS.('000)	RS.('000)
For Audit Fee	105	105
For Certification & Others	50	121
Total	**155**	**226**

NOTE `(1A)' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET AS AT 31st MARCH, 2014

(i) 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:

1. Depreciation is provided as per Written down Value method at the rates prescribed under schedule XIV of the Companies Act, 1956.
2. Depreciation on Leased Premises is provided over a period of five years i.e the tenure of the lease

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:

(a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.

(b) Current investments are carried at the lower of cost and market value. The determination of carrying cost of such investments is done on the basis of specific identification.

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 asset's net selling price and value in use.

H. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Exploration Income is recognised when services are rendered.

ii. Interest Income is recognised on accrual basis

iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established

I. Employee Benefits

Leave encashment : - The company does not have a policy of carry forward of pending leaves and hence no provision for the same is made as mentioned under AS - 15 issued by ICAI.

Gratuity : - Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method.

J. Provisions , contingent liabilities and contingent assets

Estimation of the probability of any loss that might be incurred on outcome of contingencies on basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

K. The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation.

The deferred employee compensation is charged to Profit & Loss Account on straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortized deferred employee compensation.

(ii) **NOTES TO THE ACCOUNTS:**

Particulars	**31.03.2014**	**31.03.2013**
	Rs. ('000)	**Rs. ('000)**
1. Capital Commitments	NIL	NIL
2. Claims made against the company but not acknowledged as debts	NIL	NIL
3. Contingent Liabilities	NIL	NIL

4. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.

Particulars	**31.03.2014 Rs. ('000)**	**31.03.2013 Rs. ('000)**
Expenditure in foreign currency	NIL	NIL
Earning in foreign currency	NIL	NIL

5. Related party disclosure

a) Name of related parties and relationship

S. No.	**Name of the party**	**Relationship**
1	Deccan Exploration Services Private Limited	Wholly owned subsidiary
2	Sandeep Lakhwara	Managing Director
3	Charles E.E. Devenish	Chairman
4	K.R.Krishnamurthy	Director
5	Dr.M.Ramakrishnan	Director
6	V.K.Gaur	Director

b) Transactions with related parties:-

Sr.No.	**Nature**	**Year ended 31, March'2014 RS.('000)**	**Year ended 31, March'2013 RS.('000)**
1	Reimbursement of Exploration Expenses to Subsidiary	20375.74	9276.83
2	Managerial Remuneration paid to directors	1,200.00	1200.00
3	Directors Sitting Fees & Audit Committee fees	125.00	62.50
4	Rent for Guest House to Managing Director	360.00	360.00
5.	Equity Shares issued under ESOP		
	To Managing Director (80,000 Equity shares @ Rs 16.95 each)	Nil	1356.00

6. 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 1266.95 Lacs as noted in schedule '2 d' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production commences.

7. Disclosure in respect of Employee Stock Option Scheme

a. Employee Stock Option Scheme:

Particulars **No of Options**	**Tranche-I** **750,000**	**Tranche-II** **1,050,000**	**Tranche-III** **1,200,000**
Method of Accounting	Intrinsic Value		
Vesting Period	02/06/2011	02/06/2012	02/06/2013
Exercise Period	1 year	1 year	1 year
Grant Date	02/06/2010	02/06/2010	02/06/2010
Grant/Exercise Price (Rs.16.95 per share)	16.95	16.95	16.95
Market Price on the date prior to the date of grant of option)	22.60	22.60	22.60

b. Movement of Options granted

Particulars	**01.04.2013 to 31.03.2014**	**01.04.2012 to 31.03.2013**
Options outstanding at the beginning of the year	19,87,500	25,73,750
Exercised during the year	96,000	2,45,000
Options Lapsed during the year	9,27,500	3,41,250
Option Lapsed on account of Employee resignation	1,20,000	-
Options outstanding at the end of the year	8,44,000	19,87,500
Option unvested at the end of the year	-	10,60,000
Option exercisable at end of the year	8,44,000	9,27,500

C. Employee Stock Option Outstanding account Rs 47.69 Lacs & Deferred Employee Compensation account Rs Nil.

Reversal of Employee Compensation Expenses amounting to Rs.51.92 Lacs is included under the head Other Income.

8. Defined benefit Plans: -

A	The amounts (in Rs.) recognised in the statement of Profit and Loss are as follows:		
	Defined benefit Obligation		
Sr No.	**Particulars**	**31.3.2014**	**31.3.2013**
1	Current service cost	88,119	93,100
2	Interest on obligation	59,101	52,079
3	Expected return on plan assets	- -	- -
4	Net actuarial losses (gains) recognised in year ended	(93,109)	(19,112)
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total, included in 'Employee Benefit Expense'	**54,111**	**126,067**

B	Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Sr No.	**Defined benefit Obligation**		
	Particulars	**31.3.2014**	**31.3.2013**
1	Opening Defined Benefit Obligation	738,765	6,12,698
2	Service cost for the year	88,119	93,100
3	Interest cost for the year on opening D.B.O.	59,101	52,079
4	Actuarial losses (gains)	(93,109)	(19,112)
5	Losses (gains) on curtailments	-	-
6	Liabilities extinguished on settlements	-	-
7	Liabilities assumed in an amalgamation in	-	-
	the nature of purchase	-	-
8	Exchange differences on foreign plans	-	-
9	Benefits paid	-	-
	Closing defined benefit obligation	792,876	738,765

C.	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:
Not Applicable as the Liability is not funded.	

D.	Principal actuarial assumptions at the balance sheet date		
	(expressed as weighted averages):	**31.3.2014**	**31.3.2013**
1	Discount rate	9.10%	8.00%
2	Expected return on plan assets	-	-
3	Proportion of employees opting for early retirement	-	-
4	Annual increase in Salary costs	6.00%	6.00%
The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.			

9. Earning Per Share

Rs. (in '000)

Particulars	31.03.2014	31.03.2013
Net Profit / (Loss) available to Equity Shareholders	(3359)	(10,204)
Weighted Average No of Equity Shares	5,88,11,228	5,87,32,318
Basic Earning Per Shares (in Rs.)	(0.06)	(0.17)
Diluted Earning Per Shares (in Rs.)	(0.06)	(0.17)

10. The company has not received information from creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the

end of the year under this act has not been given. There were no claims for interest on delayed payments.

11. Quote:

"During August, 2013, Geomysore Services (India) Private Limited (GMSI), a Bangalore-based gold exploration company approached Deccan Gold Mines Limited (DGML) for being taken over as a wholly-owned subsidiary. The Board of Directors of DGML at their meeting held on 27 August, 2013 decided to consider the offer of GMSI. After completion of the necessary due diligence on GMSI, the Board of Directors of DGML, at their meeting held on 3 December, 2013 accorded their 'in-principle' approval to amalgamate Australian Indian Resources Limited, Australia with DGML pursuant to a Scheme of Arrangement under the provisions of Sections 391-394 of the Companies Act, 1956. It may be noted that AIR holds a 38.80% stake in GMSI. Under this arrangement, DGML also proposes to acquire the balance of 61.20% stake from the other resident /non-resident shareholders of GMSI on the same terms as offered to AIR. Upon the acquisition of shares as aforesaid, GMSI would become a wholly-owned subsidiary of DGML. The Board also authorised the Managing Director of DGML to do the needful in this regard including appointment of merchant bankers and valuation experts to carry out the valuation exercise.

Accordingly, the valuation of the projects of DGML and GMSI are underway and DGML is also evaluating the proposal from an Australian perspective since the proposal involves the amalgamation of an Australian Company into DGML.

The proposal is subject to the final approval of the Boards of DGML and AIR / GMSI of the proposed terms of the amalgamation including but not limited to the relevant valuation of shares and the share exchange ratio.

12. Segment Reporting:

The Company is mainly engaged in the business of gold exploration and mining. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; Gold Mining and Exploration as reportable segment.

13. Previous year figures have been re-grouped, re-arranged wherever considered necessary.

As per our report of even date,
For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

PLACE: Mumbai
Date: May 29, 2014

For and on behalf of the Board

(Chairman)

(Managing Director)

(Company Secretary)

Place Bangalore
Date: May 29, 2014

AUDITORS' REPORT

To the Members of
DECCAN GOLD MINES LIMITED

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of **Deccan Gold Mines Limited**, which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Statement of Consolidated Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the act") read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 o f the companies act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on
Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and
perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
(a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company as at March 31, 2014
(b) in the case of Consolidated Statement of Profit and Loss, of the **Loss** for the year ended on that date and
(c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054
PLACE: Mumbai
DATED: 29 May, 2014

DECCAN GOLD MINES LIMITED

(Amount in'000)

				Particulars	Note No.	As at 31st March' 2014	As at 31st March' 2013
I.	**EQUITY AND LIABILITIES**						
	Shareholders' funds						
	(a)	Share capital			1	58,867	58,771
	(b)	Reserves and surplus			2	(64,184)	(42,384)
	(c)	Employee Stock Option Outstanding				4,769	10,503
	(d)	Share Application Money				4,458	-
						3,910	**26,890**
	Non-current liabilities						
	(a)	Long-term provisions			3	793	739
						793	**739**
	Current liabilities						
	(a)	Trade payables			4	13,619	705
	(b)	Other current liabilities			5	1,156	176
						14,776	**881**
				TOTAL (I)		**19,478**	**28,510**
II.	**ASSETS**						
	Non-Current Assets						
	(a)	Goodwill on Consolidation				197	197
	(b)	Fixed assets			6		
		(i)	Tangible assets			1,178	1,425
		(ii)	Intangible assets			7	12
	(c)	Other non-current assets			7	2,397	2,399
	(d)	Deferred Tax Assets				35	
						3,814	4,033
	Current Assets						
	(a)	Current investments			8	-	16,612
	(b)	Cash and cash equivalents			9	6,751	1,829
	(c)	Short-term loans and advances			10	8,913	6,035
						15,664	24,476
				TOTAL (II)		**19,478**	**28,510**

Notes are integral part of the balance sheet & profit & loss account 1A

As per our report of even date,

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

For and on behalf of the Board

CA K.V.BESWAL
PARTNER
Membership Number 131054

Place : Mumbai
Dated : 29 May 2014

Charles E.E.Devenish
Chairman

Place : Bangalore
Dated : 29 May 2014

Sandeep Lakhwara
Managing Director

S. Subramaniam
Company Secretary

DECCAN GOLD MINES LIMITED

Statement of Consolidated Profit and Loss for the year ended 31st March 2014

(Amount in'000)

Particulars	Note No.	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
Other income	11	6,020	1,571
Total Revenue		6,020	1,571
Expenses:			
Exploration Expenses		74	5
Employee benefits expense	12	2,873	5,408
Finance costs	13	31	16
Depreciation and amortization expense	6	308	386
Other expenses	14	6,198	6,124
Total expenses		9,483	11,939
Loss before extraordinary items and tax		**(3,463)**	**(10,368)**
Extraordinary Items			
Prior year adjustments		**-**	**-**
Loss before tax		**(3,463)**	**(10,368)**
Tax expense:			
(1) Current tax		-	-
Add/(Less): Provision for Deffered Tax		-35	**-**
Loss for the period		**(3,428)**	**(10,368)**
Earnings per equity share: Basic (in Rs.)		-0.06	-0.18
Earnings per equity share: Diluted (in Rs.)		-0.06	-0.18

Notes are integral part of the balance sheet & profit & loss account 1A

As per our report of even date,

For V.K. BESWAL & ASSOCIATES	For and on behalf of the Board	
CHARTERED ACCOUNTANTS		
FIRM REGN NO 101083W		
CA K.V.BESWAL	**Charles E.E.Devenish**	**Sandeep Lakhwara**
PARTNER	Chairman	Managing Director
Membership Number 131054		
Place : Mumbai	Place : Bangalore	**S. Subramaniam**
Dated : 29 May, 2014	Dated : 29 May, 2014	Company Secretary

DECCAN GOLD MINES LIMITED
Notes to financial statements for the year ended 31st March 2014

Note: 1 Share Capital
A

Particulars	As at 31st March' 2014		As at 31st March' 2013	
	Numbers	**RS.('000)**	**Numbers**	**RS.('000)**
Authorised				
Equity Shares of Rs.1 each	100,000,000	100,000	100,000,000	100,000
	100,000,000	100,000	100,000,000	100,000
Issued, Subscribed & fully Paid up				
Equity Shares of Rs.1 each	58,867,250	58,867	58,771,250	58,771
Total	58,867,250	58,867	58,771,250	58,771

B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	As at 31st March' 2014		**As at 31st March' 2013**	
	Numbers	**RS.('000)**	**Number**	**RS.('000)**
At the beginning of the year	58,771,250	58,771	58,526,250	58,526
Add Shares Issued on exercise of Employee Stock Options	96,000	96	245,000	245
At the end of the year	58,867,250	58,867	58,771,250	58,771

C Shares held by holding company / ultimate holding company and/or their subsidiaries/associates

Particulars		Nature of Relationship	As at 31 March 2013	As at 31 March 2012
Equity Shares	NIL			

D Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	As at 31st March' 2014		**As at 31st March' 2013**	
	No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**
Rama Mines (Mauritius) Limited	25,168,681	42.75	25,342,449	43.12

E The company has reserved issuance of 8,44,000 (Previous year 19,87,500) Equity shares of Rs. 1/- each for offering to eligible employees of the company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the Financial Year 2010-2011 the company has granted 30,00,000 option to the eligible employees at a price of Rs. 16.95/- per option plus all applicable taxes, as may be levied in this regard on the company. The Options would vest over a maximum period of 3 years or such other period as may be decided by the Employees Stock compensation Committee from the date of grant based on specified criteria.

F Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Equity Shares :	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

Note - 2: Reserve and surplus

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	**RS.('000)**
a. Capital Reserves		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726

b. Securities Premium Account		
Opening Balance	103,469	98,177
(+) on allotment of Equity Shares	2,074	5,292
Closing Balance	105,542	103,469
c. Profit & Loss Account		
Opening balance	(62,161)	(51,792)
(+) Net Loss For the current year	(3,428)	(10,369)
Closing Balance	**(65,589)**	**(62,161)**
d. Preoperative Expenses		
Opening balance	(100,419)	(90,933)
(+) Incurred during the year	(20,445)	(9,486)
Closing Balance	**(120,864)**	**(100,419)**
Total	**(64,184)**	**(42,384)**

Note - 3: Long Term Provisions

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Provision for Gratuity	793	739
	793	739

Note - 4: Trade payables

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Due to Mirco, small and medium enterprises	-	-
Due to Others	13,619	705
Note: Based on the information available with the Company, there are no suppliers who are registered as micro small & Medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2014		
Total	**13,619**	**705**

Note - 5: Other Current Liabilities

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
(i) Statutory dues	936	46
(ii) other liability	221	130
Total	**1,156**	**176**

Note 6: Fixed Assets

(Amount in '000)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block (WDV)	
	Balance as at 01-04-2013	Additions	Disposals	Balance as at 31-03-2014	Balance as at 01-04-2013	For the year	Written back	Balance as at 31-03-2014	Balance as at 31-03-2014	Balance as at 31-03-2013
Tangible Assets :										
Land - Lease hold	2,864	-	-	2,864	2,864	-	-	2,864	-	-
Plant and Equipment	1,138		-	1,138	755	125	-	880	258	383
Vehicles	1,346	-	-	1,346	695	102	-	797	549	652
Computer	294	56	-	350	267	19	-	286	64	27
Furniture and Fixtures	563	-	-	563	399	30	-	429	134	164
Office equipment	466	-	-	466	267	27	-	294	172	199
Total	**6,672**	**56**	**-**	**6,728**	**5,247**	**303**	**-**	**5,550**	**1,178**	**1,425**
Intangible Assets :										
Computer software	146	-	-	146	135	5	-	139	7	12
Total	**146**	**-**	**-**	**146**	**135**	**5**	**-**	**139**	**7**	**12**
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Intangible assets under Development	-	-	-	-	-	-	-	-	-	-
Total	**6,819**	**56**	**-**	**6,874**	**5,381**	**308**	**-**	**5,689**	**1,185**	**1,437**
Previous Year	**6,819**	**-**	**-**	**6,819**	**4,996**	**386**	**-**	**5,381**	**1,437**	**-**

Note - 7: Other Non-current Assets

Particulars	As at 31 March' 2014	As at 31 March' 2013
	RS.('000)	RS.('000)
Security Deposits	2,397	2,399
Total	**2,397**	**2,399**

Note - 8: Current investments

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Investments in Mutual Fund:		
BNP Paribas Money Plus Fund Weekly Dividend (P Y Market Value Rs. 166.28 Lacs)	-	16,612
Total	**-**	**16,612**

Note - 9: Cash and Cash Equivalents

Cash and cash equivalents	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
a. Balances with banks		
On current accounts in scheduled bank	6674	1,739
b. Cash on hand	77	91
Total	**6,751**	**1,829**

Note - 10: Short-term loans and advances

Particulars	As at 31st March' 2014	As at 31st March' 2013
	RS.('000)	RS.('000)
Advance receivable in cash or kind	2570	11
Balance with Government Authorities		
Income Taxes (Net)	2937	3,134
Service Tax	3407	2,890
Total	**8,913**	**6,035**

Note - 11: Other Income

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Profit on Sale of Investment	23	20
Dividend Income	680	1,551
Reversal of Expenses on Employee Stock Option Scheme	5,192	-
Consultancy Income	125	-
Total	**6,020**	**1,571**

Note - 12: Employee Benefit Expenses

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Salaries & wages	2,838	2,226
Expenses on Employee Stock Option Scheme	-	3,170
Staff welfare expenses	35	12
Total	**2,873**	**5,408**

Note - 13: Finance costs

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Bank Charges	21	16
Interest Paid	10	0
Total	**31**	**16**

Note - 14: Other expenses

Particulars	Current year ended 31st March' 2014	Previous year ended 31st March' 2013
	RS.('000)	RS.('000)
Electricity Expenses	151	116
Listing Fees	230	264
Rent	2012	2,037
Rates and taxes	24	9
Repair and maintenance	347	206
Directors Remuneration	1200	1,200
Bussiness promotion & Advertiesment Exp.	1084	1,070
Travelling and conveyance	252	218
Communication Expenses	13	6
Legal and Professional fees	542	601
Directors' sitting fees	125	63
Auditor's remuneration	183	253
Misc Balacnes written off	-	44
Miscellaneous expenses	4	3
Membership & Subscription fees	32	35
Total	**6,198**	**6,124**

Payments to Auditor

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	RS.('000)	RS.('000)
For Audit Fee	127	127
For Certification & Others	55	125
Total	**183**	**252**

NOTE `(1A)' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET AS AT 31st MARCH, 2014

(i) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

A) Principles of Consolidation

The Consolidated financial statements relate to Deccan Gold mines Limited and its subsidiary Company.

The Consolidated financial statements have been prepared on following basis:

a) The financial statement of the company and its subsidiary Company are combined on line-by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group transactions resulting in unrealized profits/losses in accordance with accounting standard (AS) 21 "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements

B. 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.

C. 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.

D. Depreciation:

1. Depreciation is provided as per Written down Value method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

2. Depreciation on Leased Premises is provided over a period of five years i.e the tenure of the lease.

E. 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.

F. Investments:

(a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.

(b) Current investments are carried at the lower of cost and market value. The determination of carrying cost of such investments is done on the basis of specific identification.

G. 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.

H. 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 asset's net selling price and value in use.

I. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Exploration Income is recognised when services are rendered.
ii. Interest Income is recognised on accrual basis
iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established

J. Employee Benefits

Leave encashment: - The company does not have a policy of carry forward of pending leaves and hence no provision for the same is made as mentioned under AS - 15 issued by ICAI.

Gratuity: - Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method.

K Provisions , contingent liabilities and contingent assets

Estimation of the probability of any loss that might be incurred on outcome of contingencies on basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

L. The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to Profit & Loss Account on straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortized deferred employee compensation.

(ii) NOTES TO THE ACCOUNTS:

Particulars	31.03.2014	31.03.2013
	Rs. ('000)	**Rs. ('000)**
1. Capital Commitments	NIL	NIL
2. Claims made against the company but not acknowledged as debts	NIL	NIL
3. Contingent Liabilities	NIL	NIL

4. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.

Particulars	31.03.2014 Rs. ('000)	31.03.2013 Rs. ('000)
Expenditure in foreign currency	NIL	NIL
Earning in foreign currency	NIL	NIL

5. Related party disclosure

a) Name of related parties and relationship

S. No.	Name of the party	Relationship
1	Sandeep Lakhwara	Managing Director
2	Charles E.E. Devenish	Chairman
3	K.R.Krishnamurthy	Director
4	Dr.M.Ramakrishnan	Director
5	V.K.Gaur	Director

b) Transactions with related parties:-

Sr. No.	Nature	Year ended 31, March'2014 RS.('000)	Year ended 31, March'2013 RS.('000)
1	Managerial Remuneration paid to directors	1,200.00	1200.00
2	Directors Sitting Fees & Audit Committee fees	125.00	62.50
3	Rent for Guest House to Managing Director	360.00	360.00
4	Equity Shares issued under ESOP		
	To Managing Director(80,000 Equity shares @ Rs 16.95 each)	Nil	1356.00

6. 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 Rs1266.95 Lacs as noted in schedule '2 d' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production commences.

7. Disclosure in respect of Employee Stock Option Scheme

a. Employee Stock Option Scheme:

Particulars	Tranche-I	Tranche-II	Tranche-III
No of Options	750,000	1,050,000	1,200,000
Method of Accounting	Intrinsic Value		
Vesting Period	02/06/2011	02/06/2012	02/06/2013
Exercise Period	1 year	1 year	1 year
Grant Date	02/06/2010	02/06/2010	02/06/2010
Grant/Exercise Price (Rs.16.95 per share)	16.95	16.95	16.95
Market Price on the date prior to the date of grant of option)	22.60	22.60	22.60

b. Movement of Options granted

Particulars	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Options outstanding at the beginning of the year	19,87,500	25,73,750
Exercised during the year	96,000	2,45,000
Options Lapsed during the year	9,27,500	3,41,250
Option Lapsed on account of Employee resignation	1,20,000	-
Options outstanding at the end of the year	8,44,000	19,87,500
Option unvested at the end of the year	-	10,60,000
Option exercisable at end of the year	8,44,000	9,27,500

C. Employee Stock Option Outstanding account Rs 47.69 Lacs & Deferred Employee Compensation account Rs Nil. Reversal of Employee Compensation Expenses amounting to Rs.51.92 Lacs is included under the head Other Income.

8. Defined benefit Plans: -

A	The amounts (in Rs.) recognised in the statement of Profit and Loss are as follows:		
	Defined benefit Obligation		
Sr No.	**Particulars**	**31.3.2014**	**31.3.2013**
1	Current service cost	88,119	93,100
2	Interest on obligation	59,101	52,079
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognised in year ended	(93,109)	(19,112)
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total, included in 'Employee Benefit Expense'	**54,111**	**126,067**

B	Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Sr No.	**Defined benefit Obligation**		
	Particulars	**31.3.2014**	**31.3.2013**
1	Opening Defined Benefit Obligation	738,765	6,12,698
2	Service cost for the year	88,119	93,100
3	Interest cost for the year on opening D.B.O.	59,101	52,079
4	Actuarial losses (gains)	(93,109)	(19,112)
5	Losses (gains) on curtailments	-	-
6	Liabilities extinguished on settlements	-	-
7	Liabilities assumed in an amalgamation in	-	-
	the nature of purchase	-	-
8	Exchange differences on foreign plans	-	-
9	Benefits paid	-	-
	Closing defined benefit obligation	**792,876**	**738,765**

C.	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:
	Not Applicable as the Liability is not funded.

D.	Principal actuarial assumptions at the balance sheet date		
	(expressed as weighted averages):	**31.3.2014**	**31.3.2013**
1	Discount rate	9.10%	8.00%
2	Expected return on plan assets	-	-
3	Proportion of employees opting for early retirement	-	-
4	Annual increase in Salary costs	6.00%	6.00%
	The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

9. Earnings Per Share

Rs. (in '000)

Particulars	**31.03.2014**	**31.03.2013**
Net Profit / (Loss) available to Equity Shareholders	(3428)	(10,368)
Weighted Average No of Equity Shares	5,88,11,228	5,87,32,318
Basic Earning Per Shares (in Rs.)	(0.06)	(0.17)
Diluted Earning Per Shares (in Rs.)	(0.06)	(0.17)

10. Quote:

"During August, 2013, Geomysore Services (India) Private Limited (GMSI), a Bangalore-based gold exploration company approached Deccan Gold Mines Limited (DGML) for being taken over as a wholly-owned subsidiary. The Board of Directors of DGML at their meeting held on 27 August, 2013 decided to consider the offer of GMSI. After completion of the necessary due diligence on GMSI, the Board of Directors of DGML, at their meeting held on 3 December, 2013 accorded their 'in-principle' approval to amalgamate Australian Indian Resources Limited, Australia with DGML pursuant to a Scheme of Arrangement under the provisions of Sections 391-394 of the Companies Act, 1956. It may be noted that AIR holds a 38.80% stake in GMSI. Under this arrangement, DGML also proposes to acquire the balance of 61.20% stake from the other resident /non-resident shareholders of GMSI on the same terms as offered to AIR. Upon the acquisition of shares as aforesaid, GMSI would become a wholly-owned subsidiary of DGML. The Board also authorised the Managing Director of DGML to do the needful in this regard including appointment of merchant bankers and valuation experts to carry out the valuation exercise.

Accordingly, the valuation of the projects of DGML and GMSI are underway and DGML is also evaluating the proposal from an Australian perspective since the proposal involves the amalgamation of an Australian Company into DGML.

The proposal is subject to the final approval of the Boards of DGML and AIR / GMSI of the proposed terms of the amalgamation including but not limited to the relevant valuation of shares and the share exchange ratio.

11. Segment Reporting:

The Company is mainly engaged in the business of gold exploration and mining. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; Gold Mining and Exploration as reportable segment.

12. Previous year figures have been re-grouped, re-arranged wherever considered necessary.

As per our report of even date,
For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

PLACE: Mumbai
DATED: 29 May, 2014

For and on behalf of the Board

(Chairman)

(Managing Director)

(Company Secretary)

Place Bangalore
Date: 29 May, 2014

DECCAN GOLD MINES LIMITED		
Cash Flow Statement For The Year Ended 31.03.2014		
PARTICULARS	**Current year ended 31st March, 2014 RS.('000)**	**Previous year ended 31st March, 2013 RS.('000)**
A CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) before Tax and after Extraordinary items	-3,463	-10,368
Adjustment For :		
Depreciation	308	386
Interest & Finance charges	31	16
Interest received	-	-
Dividend Income	-680	-1,551
Expenses on Employee Stock option	-	3,170
Reversal of Expenses on Employee Stock Option Scheme	-5,192	
Profit on Sale of Investment	-23	-20
Loss on sale/(disposal) of Assets	-	-
Operative Loss before Working Capital Changes	-9,019	-8,366
Adjustment For :		
Non & Current Assets	-2,678	-152
Trade & Other liability	13,949	-25
Cash Generation from Operations	2,252	-8,543
Direct Taxes	-198	-634
Net Cash Flow from operating activities	2,054	-7,909
B CASH FLOW FROM INVESTING ACTIVITIES		
Pre-operative Expenses	-20,445	-9,486
Proceeds from investments	16,635	8,707
Purchases of fixed assets	-56	
Dividend Income	680	1,551
Interest Received		-
Net Cash used in investing activities	-3,185	772
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Issue	1,627	4,153
Share Application Money Received	4,458	-
Financial Charges	-31	-16
Net Cash used in financing activities	6,054	4,137
D NET CHANGE IN CASH AND CASH EQUIVALENTS		
(A+B+C)	4,922	-3,002
Cash and Cash Equivalents as at 1st April 2013	1,829	4,831
Cash and Cash Equivalents as at 31st March 2014	**6,751**	**1,829**

As per our report of even date,
For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

PLACE: Mumbai
Date: 29/05/2014

For and on behalf of the Board

(Chairman)

(Managing Director)

(Company Secretary)
Place Bangalore
Date: 29/05/2014

Unaudited financial results for the period from April 01, 2014 to December 31, 2014

The Board of Directors,
Deccan Gold Mines Limited
Parinee Crescenzo
C38-C39, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051

Re: Examination Report on the Unaudited Limited Reviewed Interim Financial Statements of Deccan Gold Mines Limited, ("Company") in connection with the proposed rights issue of securities of the Company ("Issue").

1. We have reviewed the accompanying un-audited Balance Sheet of Deccan Gold Mines Limited (the "Company") as at 31st December 2014 and the related Profit and Loss Statement for nine months ended on that date annexed thereto (all of which are hereinafter referred to as the "Statement"), for the purpose of its inclusion in the offer document prepared by the Company in connection with its proposed right issue. The Statement is responsibility of the Company's management and has been approved by Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review of the Statement as stipulated in para 2 below, which has been prepared by the Company's management pursuant to Securities and Exchange of India (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by SEBI [SEBI (ICDR) Regulations 2009")], in accordance with Accounting Standard 25 ("AS 25") on Interim Financial Reporting, notified under the Companies (Accounting Standards) Rules, 2006.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A limited review of interim financial statements consists principally of applying analytical procedures to financial data and making enquiries with Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards followed in India, objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.
3. Based on our review conducted as mentioned in para 2 nothing has come to our attention that causes us to believe that the Statement, prepared fairly in all material respects in accordance with AS 25, has not disclosed the information required to be disclosed in terms of AS25 read with Paragraph A (3) in Clause X in Part E of SEBI (ICDR) Regulations 2009, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. This report is intended solely for the use of the Company for filing with Securities and Exchange Board of India and Registrar of Companies in connection with the proposed rights issue of Equity Shares of the Company under SEBI (ICDR) Regulations 2009 and the same should not be used, referred to or distributed for any other purpose, without our prior written consent.

For V K BESWAL & ASSOCIATES,
Chartered Accountants.
Firm Regn No: 101083W

CA C P Chechani
PARTNER
Membership No. 124809

Date: March 24, 2015
Place: MUMBAI

Balance Sheet as at December 31, 2014

(₹ in '000)

	Particulars		As at 31 December 2014	As at 31 March 2014
I.	**EQUITY AND LIABILITIES**			
	Shareholders' Funds			
	(a) Share Capital		59,218	58,867
	(b) Reserves and Surplus		(76,948)	(71,253)
	(c) Employee Stock Option Outstanding		-	4,769
	(d) Share Application Money		-	4,458
			(17,730)	(3,159)
	Non-current Liabilities			
	(a) Long-term Provisions		793	793
			793	793
	Current Liabilities			
	(a) Trade payables		39,283	18,754
	(b) Other Current Liabilities		2,144	682
			41,427	19,436
	TOTAL (I)		**24,490**	**17,070**
II.	**ASSETS**			
	Non-current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets		404	607
	(ii) Inangible Assets		-	7
	(iii) Capital work-in-progress		-	-
	(b) Non-current Investments		100	100
	(c) Other non-current assets		3,365	2,115
			3,869	2,829
	Current Assets			
	(a) Current Investments		-	-
	(b) Cash and cash equivalents		11,660	6,100
	(c) Short term loans and advances		8,962	8,141
			20,622	14,241
	TOTAL (II)		**24,490**	**17,070**

As per our report of even date
FOR V K BESWAL AND ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO. 101083W

CA K V BESWAL
PARTNER
M NO. 131054

Place : Mumbai
Dated : March 24, 2015

For and on behalf of the Board

Charles EE Devenish
(Chairman)

Sandeep Lakhwara
(Managing Director)

S. Subramanium
(Company Secretary)

Place : Bangalore
Dated : March 24, 2015

Profit & Loss Account for the period from April 01, 2014 to December 31, 2014

(₹ in '000)

Particulars	**Period from April 01, 2014 to December 31, 2014**	**For the FY 2013-14**
Other Income	2,785	5,895
Total Revenue	2,785	5,895
Expenses:		
Employee Benefit Expenses	2,286	2,871
Finance Costs	24	26
Depreciation and Amortization Expenses	188	194
Other Expenses	4,795	6,164
Total Expenses	7,293	9,254
Loss before extraordinary items and tax	(4,508)	(3,359)
Extraordinary Items	-	-
Prior year adjustments	-	-
Loss before tax	(4,508)	(3,359)
Tax Expense		
(1) Current Tax	-	-
Loss for the period	**(4,508)**	**(3,359)**
Earning per equity share: Basic (in Rs.)	(0.08)	(0.06)
Earning per equity share: Diluted (in Rs.)	(0.08)	(0.06)

As per our report of even date
FOR V K BESWAL AND ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN NO. 101083W

CA K V BESWAL
PARTNER
M NO. 131054

Place : Mumbai
Dated : March 24, 2015

For and on behalf of the Board

Charles EE Devenish
(Chairman)

Sandeep Lakhwara
(Managing Director)

S. Subramanium
(Company Secretary)

Place : Bangalore
Dated : March 24, 2015

CAPITALISATION STATEMENT

The capitalisation statement of our Company as at September 30, 2014, as adjusted post issue is as under:

(₹ in lakhs)

Particulars	Pre Issue at March 31, 2014 (Standalone) (Audited)	Post Issue (Standalone) (Unaudited) *
Borrowings		
Short-term debt	Nil	[●]
Long-term debt	Nil	[●]
Total Debt	Nil	[●]
Shareholders' funds:		
Equity Share Capital	58.87	[●]
Reserves and Surplus	(71.25)	[●]
Employees Stock Option Outstanding Account	4.77	
Total Shareholders' funds	(7.62)	[●]
Long term debt / equity ratio	Nil	[●]
Total debt / equity ratio	Nil	[●]

* will be updated at the time of finalisation of Letter of Offer

1. The long term debt/equity ratio has been computed as under:
   Long term debt / total shareholders' funds
2. The total debt / equity ratio has been computed as under:
   Total debt / total shareholders' funds
3. Short term debt is considered as debt due within 12 months from March 31, 2014.
4. Long term debt is considered as debt other than short term debt, as defined above.

STATEMENT OF ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from our Company's audited financial statements as at and for the year ended included in the "Financial Statements" on page 59 of the Draft Letter of Offer.

Standalone financial statements

Particulars	For the financial year ended		
	December 31, 2014	March 31, 2014	March 31, 2013
	(Unaudited)	(Audited)	(Audited)
Net Worth (₹ In million)	(17.73)	(7.62)	19.75
Earnings Attributable to Equity Share Holders (₹ in million)	(4.51)	(3.36)	(10.20)
No. of Equity Shares outstanding at the end of Specified Period	59,218,250	58,867,250	58,771,250
Weighted No. Of Equity Shares outstanding during the Specified Period	59,175,890	58,811,228	58,732,318
Earnings Per Share (EPS) (Face value of ₹ 1/- Each) - Basic And Diluted (₹)	(0.08)*	(0.06)	(0.17)
Return on Net Worth (%)	(25.43)	(44.11)	(51.66)
Net Assets Value per share of ₹ 1/- each (₹)	(0.30)	(0.13)	0.34

* not annualised

Formula:
Earnings per Share (Rs.) = Restated Earnings Attributable to Equity Share Holders / Weighted No. of Equity Shares
Net Asset Value (Rs.) = Net Worth / No. of Equity Shares
Return on Net Worth (%) = Restated Earnings Attributable to Equity Share Holders / Net Worth

CERTAIN OTHER FINANCIAL INFORMATION (WORKING RESULTS)

Unaudited standalone working results of our Company for the period from April 01, 2014 to January 31, 2015:

Particulars	Amount (₹ in millions)
Sales	Nil
Other income *	2.79
Estimated Gross Profit (excluding Depreciation)	(5.67)
Provision for Depreciation	0.20
Provision for taxation	Nil
Estimated Net Profit	(55.65)

* Other Income includes reversal of unexercised and lapsed 4,93,000 ESOP shares @ ₹ 5.65 amounting to ₹ 2.78 million.

STOCK MARKET DATA

The Equity shares of our Company are presently listed and traded on BSE. The equity shares are frequently traded at BSE. The share trading data for the equity shares of our Company is as under:

Stock Market Data for BSE

The closing market price of the equity shares of our Company on the first business day after the Board approved the Issue on November 19, 2014 was ₹ 36.65 per equity share on the BSE.

The high and low prices and associated volumes of securities traded during last 3 years recorded on BSE is as follows:

Calendar Year	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (₹)
2014	52.10	30/12/2014	849,443	16.15	26/03/2014	106,225	30.97
2013	26.80	03/12/2013	376,516	13.50	07/08/2013	27,048	20.80
2012	26.45	18/10/2012	207,738	15.60	21/08/2012	70,191	20.79

The high and low price, and associated volume of securities traded during the last 6 months on BSE is as follows:

Period	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (₹)
February 2015	41.00	04/02/2015	98,506	33.00	12/02/2015	84,340	35.42
January 2015	50.55	01/01/2015	232,251	30.30	23/01/2014	445,965	41.41
December 2014	52.10	30/12/2014	849,443	32.15	01/12/2014	52,607	42.13
November 2014	41.25	11/11/2014	535,659	24.65	03/11/2014	60,990	36.62
October 2014	24.65	07/10/2014	20,265	20.30	22/10/2014	53,961	22.29
September 2014	29.90	10/09/2014	200,835	19.15	04/09/2014	25,251	25.10
August 2014	21.90	01/08/2014	22,754	19.45	25/08/2014	35,887	20.56
July 2014	26.25	22/07/2014	61,706	20.70	30/07/2014	38,307	23.68

Latest Stock Market Data for the preceding four weeks from the date of filing of Draft Letter of Offer with Stock Exchange:

Week Starting From	Week ending on	High		Low		Week's Closing Price (in ₹)	Total Traded quantity during the period
		Amount (in ₹)	Date	Amount (in ₹)	Date		
20/03/2015	26/03/2015	36.50	26/03/2015	27.30	23/03/2015	30.80	1,066,838
13/03/2015	19/03/2015	33.50	13/03/2015	29.10	17/03/2015	30.05	232,951
06/03/2015	12/03/2015	33.00	12/03/2015	28.05	11/03/2015	31.55	286,434
27/02/2015	05/03/2015	35.55	28/02/2015	31.00	05/03/2015	31.25	313,185

Form the purpose of this chapter:

- Year is a calendar year
- Average price is the weighted average share price of the Equity Shares traded during the respective period
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares of our Company for the year, or the month, as the case may be
- In case of two days with the same high / low / closing price, the date with higher volume has been considered
- Source: www.bseindia.com

OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against us that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including institutional / bank dues that would have a material adverse affect on our business other than unclaimed liabilities against us as of the date of the Draft Letter of Offer. Further, except as disclosed below, we are not aware of any litigation involving moral turpitude, material violations of statutory regulations and or proceedings relating to economic offences which have arisen in the last ten years.

Further, except as disclosed below, we are not subject to:
(a) Any outstanding litigation which does not impact our future revenues for an amount more than one percent of our networth, for the last completed financial year.
(b) Any outstanding litigation which impacts the future revenues for an amount more than one percent of our revenue, for the last completed financial year.

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil and criminal proceedings.

A. LITIGATION PERTAINING TO CASES FILED AGAINST OUR COMPANY

1. Petition filed by shareholder with Company Law Board, Mumbai Bench

We have received a letter dated July 27, 2013 from Mr. Anil Kumar Poddar, a shareholder of the Company, seeking documents from the Company, viz. Memorandum and Articles of Association and last 5 years annual report of the Company. The Company on August 03, 2013 dispatched the requisite documents as sought by the said shareholder at his registered address. However the aforesaid shareholder filed a petition with Company Law Board on September 16, 2013 for non receipt of documents. On May 07, 2014, the Company dispatched reply to the Petition alongwith Affidavit in support of the reply to the Petitioner. On May 21, 2014, the Company through its authorized representative also personally furnished the reply alongwith the proof of dispatch of reply to the Petitioner. The Hon'ble Bench also directed the petitioner to file rejoinder on or before August 05, 2014. The petitioner has not filed any rejoinder till date. We have not received any further communication from the petitioner or the CLB Bench in this regard thereafter.

B. LITIGATION PERTAINING TO CASES FILED BY OUR COMPANY: Nil

C. LITIGATION PERTAINING TO CASES FILED AGAINST OUR SUBSIDIARY

1. Civil Proceedings

Sr. No	Provision of law under which case has been filed	Court / forum	Parties to the Dispute	Brief facts of the case	Extent of Liability / Claim	Present Status
1	Special Leave Petition No. 17504 of 2013 under Article No. 136 of the Constitution of India for resolution of dispute under Section 11(1) and Section 17(A)(2) of the MMDRA	Supreme Court of India	Petitioner: Union of India Respondents: M/s Hutti Gold Mines Limited and M/s Deccan Exploration Services Private Limited	The SLP is filed by the Central Government for setting aside the Order dated April 03, 2012 of the Hon'ble Karnatake High Court whereby the Revision order of the Central Government was set aside. By way of the said revision order, the Central Government had rejected the State Government's order for reservation of mining areas in favour of the Respondents in terms of Section 17(A)(2) of the MMDRA in light of preferential right which accrued in favour of DESPL under Section 11(1) of the said Act.	Not ascertainable	Notice has been issued in the matter. DESPL has filed its counter affidavit supporting the case of Union Of India. Pleadings have been completed and the matter is yet to be listed for final disposal.

i. **LITIGATION PERTAINING TO CASES FILED BY OUR SUBSIDIARY**

1. Civil Proceedings

Sr. No	Provision of law under which the case has been filed	Court / forum	Parties to the Dispute	Brief facts of the case	Extent of Liability / Claim	Present Status
1	Special Leave Petition No. 19171 of 2012 under Article No. 136 of the Constitution of India for resolution of dispute under Section 11(1) and Section 17(A)(2) of the MMDRA	Supreme Court of India	Petitioners: M/s Deccan Exploration Services Private Limited & Anr. Respondents:M/s Hutti Gold Mines Limited & Others	The SLP is filed for setting aside the Order dated April 03, 2012 of the Hon'ble Karnatake High Court whereby the Revision order of the Central Government was set aside. By way of the said revision order, the Central Government had rejected the State Government's order for reservation of mining areas in favour of the Respondents in terms of Section 17(A)(2) of the MMDRA in light of preferential right which accrued in favour of petitioners under Section 11(1) of the said Act. Further to the above, DESPL has moved an application to bring on record the Mines and Minerals (Development and Regulation) Ordinance, 2015. Considering the Section 10A(2)(b) introduced by the said Ordinance, DESPL would be seeking setting aside of the impugned order.	Not ascertainable	Notice has been issued in the matter. DESPL has filed its rejoinder. Pleadings have been completed and the matter is yet to be listed for final disposal.

2. Revision Petitions filed before the Mines Tribunal, Ministry of Mines, Government of India

Sr. No	Provision of law under which the case has been filed	Court / forum	Parties to the Dispute	Brief facts of the case	Extent of Liability / Claim	Present Status
1	Regulation 54 of the MCR read with MMDRA	Tribunal, Ministry of Mines, Government of India Case No. 13/(08)/2012/RC-I	DESPL Vs. 1. The Secretary, Commerce and Industries and Mines, Government of Karnataka, Bengaluru 2. The Director, Department of Mines & Geology, Government of Karnataka, Bengaluru	The revision application has been made against the order dated May 08, 2006 passed by the Government of Karnataka rejecting the PL application of DESPL in respect of Hutti North Block in Karnataka	Not ascertainable	The matter is contested before the Tribunal, Ministry of Mines. The last date of hearing was February 18, 2015 and our Company is in the process of filing its rejoinder in the said matter.
2	Regulation 54 of the MCR read with MMDRA	Tribunal, Ministry of Mines, Government of India Case No. 13/(07)/2012/RC-I	DESPL Vs. 1. The Director, Department of Mines & Geology, Government of Karnataka, Bengaluru 2. State Government of Karnataka	The revision application has been made against the order dated March 12, 2012 passed by the Department of Mines and Geology, Government of Karnataka rejecting the PL application of DESPL in respect of Ganajuru-Karajgi Extension Block in Karnataka	Not ascertainable	The matter is contested before the Tribunal, Ministry of Mines. The next date of hearing is yet to be determined. However this is a direct PL application and could be impacted by the recent MMDR Ordinance 2015 which protects only

Sr. No	Provision of law under which the case has been filed	Court / forum	Parties to the Dispute	Brief facts of the case	Extent of Liability / Claim	Present Status
						PL applications that have been lodged under the 'seamless transition' category, i.e. which have originated from an RP.

OTHER DISCLOSURES

Our Promoter, Directors of our Promoter, Directors, Group companies, Associate companies are not declared as wilful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Our Company, Promoter, Directors, Directors of our Promoter or any of our Company's Associates or Group companies or other ventures of the Promoter and companies with which the Directors of our Company are associated as directors or Promoter have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

No regulatory action has been initiated / taken against our company, our Promoter by any regulatory bodies.

GOVERNMENT AND OTHER APPROVALS

Our Company is engaged in the business of gold exploration and mining, but has not commenced mining operations. Except as stated below, our Company and its Subsidiary has obtained the necessary consents, licenses, permissions and approvals from government and various regulatory agencies, required for us to undertake our current business activities and there are no pending approvals and renewals required for carrying on our present business:

Nature of approval	Status	Penalty / consequence if the registration / renewal not granted
Registration under Maharashtra Shops and Establishments Act, 1948 for the registered office of DGML.	Not applied.	Penalty not be less than one thousand rupees and which may extend to five thousand rupees. Provided that, if the contravention continues after the expiry of the tenth day after conviction, further fine which may extend to one hundred rupees for each day on which the contravention is so continued may be levied.
Registration under Karnataka Shops and Commercial Establishment Act, 1961 for the registered office of DESPL.	Applied for on March 26, 2015	Penalty upto one thousand rupees and for a second or any subsequent offence, may extend to two thousand rupees.

Mining related applications / approvals for Deccan Gold Mines Limited:

1. Summary of applications made by DGML for grant of ML, PL and RP

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
MLs								
There is no ML application pending at present.								
PLs								
1.	DGML-PL-11	DMG/Rp-Sec/ 01-APL/2013 dated April 3, 2013	March 25, 2013	Fatehpur-Hadanur	Yadgir Karnataka	30	RP number 41 dated June 30, 2010 for Mangalur-Jainapur	• Under processing at DMG, Bengaluru.
2.	DGML-PL-12	DMG/Rp-Sec/ 02-APL/2013 dated April 03, 2013	March 25, 2013	Arakeri-Shakhapur	Yadgir Karnataka	60	RP number 41 dated June 30, 2010for Mangalur-Jainapur	• Under processing at DMG, Bengaluru.
RPs								
There is no RP application pending at present.								

2. Summary of ML, PL and RP granted to DESPL

Sr. No	Name of the entity	Reference No. along with date of Grant	Block Name	District & State	Area in sq.km	Originated from which RP, PL	Date of Execution	Present Status
MLs								
Presently, no ML has been granted to DESPL								
PLs								
1.	DES-PL-2	No.CI.157: MMM.2005 dated September 10, 2009	Ganajuru-Karajgi	Haveri, Karnataka	2.2	RP number 24 dated January 17, 2003 for Hanagal	PL Deed No. 3370 executed on September 25, 2009 for three years Applied for deemed renewal for 2 years till September 25, 2014 (Ack. No. DMG/Rp-Sec/02-APL/2012-13/4467 dated July 02, 2012).	• As per paragraph 4 of Part IV of the PL Deed, if the licensee before determination of the PL/renewal thereof applies for a ML over whole/part of the PL area, the period of PL shall be further extended until his ML application is disposed of/deemed refused as per MCR. • Within the area covered under this PL, DESPL has applied for ML over an area of (a) 2 sq. km under DES-ML-5, and (b) 44 acres under DES-ML-2. • In light of the same, this PL continues to be valid and existing.

Sr. No	Name of the entity	Reference No. along with date of Grant	Block Name	District & State	Area in sq.km	Originated from which RP, PL	Date of Execution	Present Status
2.	DES-PL-10	No. CI.61: MMM.2007 dated October 11, 2012	Mangalagatti	Dharwad, Karnataka	4	RP number 23 dated January 17, 2003 for Dharwad	PL deed yet to be executed.	• PL grant notification was issued by Government of Karnataka vide order no. CI.61:MMM.2007 on October 11, 2012. Order states that PL grant is subject to DESPL furnishing consent from owners of private land and NOC from the Deputy Commissioner of the concerned District, payment of security deposit and prospecting fee and fulfillment other conditions stipulated in MCR. • Execution of PL deed is delayed at the level of Director of Mines and Geology ("**DMG**") despite continuous follow up by DESPL. • Since the time period for execution of PL deed (within 3 months of grant notification) has expired, we have been informed that a fresh grant notification has to be issued for grant of this PL.
RPs								
Presently, no RP has been granted to DESPL								

3. Summary of applications made by DESPL for grant of ML, PL and RP

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
MLs								
1.	DES-ML-2	567 AML 06/3389 dated June 13, 2006	June 08, 2006	Ganajuru	Haveri Karnataka	0.29 (app. 72 acres)	RP number 24 dated January 17, 2003for Hanagal	• State Government has recommended grant of ML to MoM by its letter dated January 25, 2010. • Out of the 72 acres of the ML area: o 44 acres is also a subject matter of the PL application (DES-PL-2) dated October 15, 2003 which was subsequently granted on September 25, 2009; and o 28 acres is also a subject matter of the PL application (DES-PL-11) dated January 12, 2005 and is still pending.
2.	DES-ML-5	DMG/Rp-Sec/11 AML 2012-13 dated January 05, 2013	December 20, 2012	Karajgi	Haveri Karnataka	2.8	2 sq. kms from PL number 3370 dated September 25, 2009 for Ganajuru-Karajgi; and 0.8 sq. kms from RP number 24 dated January 17, 2003	• Under processing at DMG, Bengaluru. • Part of the area under this ML application i.e. 0.8 sq. kms has originated from a RP granted on January 17, 2003 and is also the subject matter of the PL application (DES-PL-11) dated January 12, 2005 which is still pending. • ML application for this portion is delayed as it should have been made on or prior to April 16, 2006 with maximum delay of 6 months thereafter which is not the case. ***Hence, this***

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
							for Hanagal	***application to the extent of 0.8 sq. kms. is no longer valid in light of the recent insertion of Section of 10A(2)(b)(iv) of MMDRA.***
3.	DES-ML	572AML06/3389 dated June 12, 2006	June 09, 2006	Hirenangnur	Lingsugar Raichur	0.65	RP number 29 dated January 23, 2003for North Hutti	• The area under this application is also subject matter of 2 PL applications dated April 29, 2006 and October 1, 2004. Both applications are currently pending.
PLs								
1.	DES-PL-6	127APL 2004/12506 dated November 24, 2004	October 15, 2004	Kulavalli	Belgaum Karnataka	2	RP number 23 dated January 17, 2003 for Dharwad	• DMG has recommended for grant of the PL to the State Government, but State Government is of the opinion that the area under the application is falling in the Western Ghats region. Therefore, State Government has returned the application to DMG while State Government demarcates the area. DESPL however is of the opinion that the area under the PL application does not fall in the Western Ghats region. • Currently application is pending at DMG, Bengaluru.
2.	DES-PL-9	02 APL 2005/ 14914 dated January 06, 2005	January 04, 2005	Bhavihal	Dharwad Karnataka	1.5	RP number 23 dated January 17, 2003 for for Dharwad	• DMG has recommended for grant to State Government, but State Government has returned the file to DMG requesting DMG to obtain a new NOC from District Commissioner. • DESPL has written to State Government for communicating its objection towards State Government's request for new NOC as there is no provision under MMDRA/MCR that justifies seeking a new NOC. • Currently application is pending at DMG, Bengaluru and DMG has moved to obtain new NOC.
3.	DES-PL-8	181 APL 04/14744 dated January 03, 2005	December 31, 2004	Turkara-Sigihalli	Belgaum Karnataka	1.7	RP number 23 dated January 17, 2003 for Dharwad	• DMG has recommended for grant to State Government but it is of the opinion that the area under the application is falling in the Western Ghats region. Therefore, State Government has returned the application to DMG while it demarcates the area. DESPL however is of the opinion that the area under the PL application does not fall in the Western Ghats region. • Currently application is pending at DMG, Bengaluru.
4.	DES-PL-12	85 APL 2005	March 22, 2005	Lakkikoppa	Haveri Karnataka	5	RP number 24 dated January 17, 2003for Hanagal	• DMG has recommended for grant to State Government, but State Government has returned the file to DMG requesting DMG to obtain a new NOC from District Commissioner. • DESPL has written to State Government for communicating its objection towards State Government's request for a new NOC as there is no provision under MMDRA/MCR that

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
								justifies seeking a new NOC. • Currently application is pending at DMG, Bengaluru and DMG has moved to obtain new NOC.
5.	DES-PL-11	08 APL-2005/15340 dated January 17, 2005	January 12, 2005	Ganajuru Extension	Haveri Karnataka	8	RP number 24 dated January 17, 2003for Hanagal	• DMG has recommended to State Government but State Government has returned the file to DMG seeking certain clarification such as: (1) whether the area will fall under the reservation area for Hutti Gold Mines Limited, and (2) whether DESPL has made the PL application within the time limit prescribed under MMDR. • Pending at DMG, Bengaluru.
6.	DES-PL-1	24 APL 2003/9910 dated August 18, 2003	August 01, 2003	Hutti North	Raichur Karnataka	4.9	RP number 29 dated January 23, 2003 North Hutti	• Application comes under section 11(1) of MMDRA (preferential right from RP). Despite this State Government rejected the PL applications vide order no. CI.68.MMM.2004 • DESPL has challenged the rejection by filing a revision petition before Mines Tribunal, Ministry of Mines. • This PL application is also affected by the proposal for reservation of the area for mining by Hutti Gold Mines Limited by the State Government and the matter is being contested in Supreme Court For more details, please refer to status of DES-PL-3 in point 7 below.
7.	DES-PL-3	06APL04/16815 dated January 16, 2004	January 14, 2004	Uti	Raichur Karnataka	2.9	RP number 29 dated January 23, 2003 North Hutti	• Application comes under section 11(1) of MMDRA (preferential right from RP); however State Government recommended the area to be reserved in favour of Hutti Gold Mines Limited for the purposes of mining. • MoM rejected the State Government's proposal for reservation following which Hutti Gold Mines Limited approached High Court of Karnataka. The High Court directed MoM to take a fresh decision following which MoM once again did not approve State Government's proposal to reserve the area in favour of Hutti Gold Mines Limited. • Hutti Gold Mines Limited again approached the High Court of Karnataka which by its order dated April 03, 2012 set aside the MoM's decision. • DESPL has contested the order of the High Court through a special leave petition ("**SLP**") in front of the Supreme Court. In response, Hutti Gold Mines Limited has filed its statement of objections and DESPL has filed a rejoinder to the same. • MoM has also filed another SLP against the order of the

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
								High Court against Hutti Gold Mines Limited to which DESPL have also been made a party. DESPL has filed a counter affidavit in the said matter. • Both the SLPs are being heard together by the Supreme Court and the grant of this PL will depend on the outcome of the decision in the SLPs.
8.	DES-PL-4	106 APL04/11544 dated October 18, 2004	October 01, 2004	Yatkal-Hirenagnur	Raichur Karnataka	21	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above.
9.	DES-PL-4A	54APL06/1832 dated May 05, 2006	April 29, 2006	Hirenagnur	Raichur Karnataka	1.8	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above. ***This PL application has been made with a delay of less than 1 month. State Government may condone such delay at its discretion failing which the application will become invalid.***
10.	DES-PL-5	11APL04/10976 dated October 28, 2004	October 21, 2004	Wandalli	Raichur Karnataka	90	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above.
11.	DES-PL-7	162 APL04/13923 dated December 20, 2004	December 17, 2004	Yelagatti	Raichur Karnataka	9	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above.
12.	DES-PL-13	39APL 06/17 dated March 29, 2006	February 28, 2006	Palkanmardi	Raichur Karnataka	6	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above.
13.	DES-PL-14	36 APL 06/15624 dated March 23, 2006	March 15, 2006	Bullapur	Raichur Karnataka	7	RP number 29 dated January 23, 2003 for North Hutti	• Same status as that of DES-PL-3 in point 7 above.
RPs								
There is no RP application pending at present.								

4. We have executed three agreements with Geo-mysore Services (India) Private Limited ("GMSI") for transfer of three RPs originally applied for by GMSI and the PLs arising out of such RPs. The details of the agreements entered into are as under:

Transferor	Transferee	Date of agreement	Asset mentioned in agreement	Area (sq. km.)	Consideration
GMSI	DGML	May 22, 2003	Hutti Maski: RP No. 4/2000 dated November 03, 2000	315	1.00
GMSI	DGML	May 22, 2003	Mangalur: RP No. 5/2000 dated November 03, 2000	125	0.10
GMSI	DGML	May 22, 2003	Ramagiri: RP No. 345/MI/ 2001 dated February 2, 2001	260	0.50

GMSI has made following applications arising out of the aforesaid three RPs:

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
MLs								
There is no ML application pending at present.								
PLs								
1.	GMSI-PL-8[1]	47APL 03/13967 dated November 10, 2003	November 7, 2003	Jainapur	Gulbarga Karnataka	1.1	RP number 5 dated November 3, 2000 for Mangalur	• Approval of grant by MoM communicated to State Government vide letter no. 4/34/2008-M.IV dated September16, 2009. • Despite MoM approval, State Government has requested DMG for new NOC from District Commissioner. • Since MoM has already granted the approval, DMG has not moved for obtaining a new NOC. • Grant order awaited.
2.	GMSI-PL-7[2]	46 APL 03/13966 dated November 10, 2003	November 07, 2003	Mangalur	Gulbarga Karnataka	1.2	RP number 5 dated November 3, 2000 for Mangalur	• DMG has recommended for grant to State Government, but State Government has returned the file to DMG requesting it to obtain a new NOC from the District Commissioner. • GMSI has written to State Government for communicating its objection towards State Government's request for new NOC as there is no provision under MMDRA/MCR that justifies seeking a new NOC. • Currently application is pending at DMG, Bengaluru and DMG has not moved to obtain a new NOC as requested by State Government.
3.	GMSI-PL-4[3]	32 APL 2003/11183 dated September 05, 2003	August 29, 2003	Sanbal-Maski	Raichur Karnataka	14.7	RP number 4 dated November 3, 2000 for Hutti-Maski	• Same status as that of DES-PL-3 in point 7 above.

[1] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 5 dated November 3, 2000), and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.
[2] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 5 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.
[3] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
4.	GMSI-PL-5[4]	31 APL 2003/11181 dated September 05, 2003	August 29, 2003	Buddini	Raichur Karnataka	8	RP number 4 dated November 3, 2000 for Hutti-Maski	• Same status as that of DES-PL-3 in point 7 above.
5.	GMSI-PL-12[5]	71APL 04/5515 dated July 29, 2004	July 27, 2004	Udbal-Dinnisamudra	Raichur Karnataka	35	RP number 4 dated November 3, 2000 for Hutti-Maski	• Same status as that of DES-PL-3 in point 7 above. ***This PL application has been made with a delay of more than 5 months. State Government may condone such delay at its discretion failing which the application will become invalid.***
6.	GMSI-PL-3[6]	2095/M2/2003 dated August 23, 2003	August 22, 2003	Ramagiri	Anantapur Andhra Pradesh	18.32	RP number 345/M1/2001 dated February 02, 2001 for Ramagiri	• State Government has communicated its approval for grant to MoM vide letter no. 13781/M.III(1)/2006-1 dated November 28, 2008 and had requested MoM's prior permission to grant the PL. • MoM has returned the file to State Government vide its letter no. 4/9/2009-M-IV dated February 25, 2010 and requested for resubmission of proposal due to delay in response by State Government to earlier clarifications sought by MoM. • Pending with the State Government.
7.	GMSI-PL-14[7]	1903/PL/04 dated August 26, 2004	August 26, 2004	Boksampalle	Anantapur Andhra Pradesh	17	RP number 345/M1/2001 dated February 02, 2001 Ramagiri	• ***This PL application has been made with a delay of more than 3 months. State Government may condone such delay at its discretion failing which the application will become invalid.***
RPs								
There is no RP application pending at present.								

[4] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

[5] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

[6] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 345/M1/2001 dated February 02, 2001, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

[7] Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 345/M1/2001 dated February 02, 2001, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MCR.

On January 12, 2015, the Government of India has come out with Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 which has amended the existing Mines and Mines and Minerals (Development and Regulation) Act, 1957. On March 20, 2015, Mines and Minerals (Development and Regulation) Amendment Bill, 2015 has been passed by the Parliament but yet to be published in the gazette. Though the majority of the applications are protected under Section 10A of the Act, the following applications have become ineligible as per the Section 10A of the Act:

(a) All application for RP have been rendered invalid as per the terms of Section 10A(1). Due to this the following applications of DGML have become ineligible:

Sr. No.	Name	Reference No	Block Name, District & State
1.	DGML-RP-5	17808/R4-3/04 dated June 19, 2004	Ramagiri, Anantapur, Andhra Pradesh
2.	DGML-RP-2	DMG/04 ARP 2004/19221 dated March 03, 2004	Hutti South, Raichur, Karnataka
3.	DGML-RP-3	DMG/7 ARP 2004/19751 dated March 18, 2004	Hiriyur, Chitradurga & Tumkur, Karnataka
4.	DGML-RP-9	1862/M1/2005 dated March 16, 2005	Nilambur, Malapuram, Kerala

(b) All application for PL not originating from an already granted RP for in respect of the same land and mineral have been rendered invalid as per the terms of Section 10A(2)(b). Due to this the following applications of DGML & DESPL have become ineligible:

Sr. No.	Name	Reference No	Block Name, District & State
1.	DGML-PL-4	102APL 07/10680 dated November 02, 2007	Karajgi Extension, Haveri, Karnataka
2.	DGML-PL-7	DMG/58/APL 09/450 dated April 17, 2009	Ajjenahalli, Tumkur, Karnataka
3.	DGML-PL-8	DMG:09APL/2009-10/18735 dated March 22, 2010	Chinna Mulgund & Aladgeri, Haveri, Karnataka
4.	DGML-PL-9	DMG: 10APL/2009-10/18736 dated March 22, 2010	Ranibennur, Haveri, Karnataka
5.	DGML-PL-10	DMG: 11APL/2009-10/18734 dated March 22, 2010	Katenahalli & Kengond, Haveri, Karnataka
6.	DES-PL-15	DMG: 08APL/2009-10/18729 dated March 22, 2010	Ganajuru-Karajgi Extension, Haveri, Karnataka
7.	DGML-PL-5	658 dated December 03, 2008	Bagmara, Raipur, Chhattisgarh
8.	DGML-PL-6	657 dated December 03, 2008	Rajadevri, Raipur, Chhattisgarh
9.	DGML-PL-3	983/M1/2006 dated February 01, 2006	Maradu, Malappuram
10.	DGML-PL-2*	1863/M1/2005 dated March 16, 2005	Puttumala, Palakkad Kerala

* This application was filed while the application for RP for the same land was still pending. Even though RP was subsequently granted, the application for PL may be rendered invalid as at the time of the application DGML was not a RP holder for the same land. Further, this PL application was also rejected by the Government for reasons not pertaining to the Ordinance by its order dated January 21, 2015. DGML has vide its response dated February 17, 2015 requested the Government to reconsider its rejection of the PL application.

(c) All applications for PL or ML existing prior to the Ordinance shall be valid only if the application was made within a period 3 months from the expiry of the RP or PL, as the case may be, from which such application originated from. State Government, at its discretion, may condone a maximum delay of 6 months from the due date. The following applications of DESPL have become ineligible as they have been made with a delay of more than 6 months from the applicable due date:

Sr. No.	Name	Reference No	Block Name, District & State
1.	DES-ML-5*	DMG/Rp-Sec/11 AML 2012-13 dated January 05, 2013	Karajgi, Haveri Karnataka for 0.8 sq. kms

* This application for ML dated December 20, 2012 is with regard to 2.8 sq. kms. area. Out of the said area, application for 0.8 sq. km. originated from RP 24 dated January 17, 2003 for Hanagal. The application for the 0.8 sq. km. should have been made on or prior to April 16, 2006 with a maximum delay of 6 months thereafter which is not the case. Further, also refer to DES-ML-5 provided in the list of MLs filed by DESPL.

MATERIAL DEVELOPMENT AFTER THE DATE OF THE AUDITED FINANCIAL STATEMENTS AS ON MARCH 31, 2014

In the opinion of our Board, there have not arisen since the date of the last audited financial statements i.e. March 31, 2014 and except as disclosed in the summary financial statements as on March 31, 2014, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

OTHER REGULATORY AND STATUTORY INFORMATION

Authority for the Issue

Pursuant to a resolution under Sections 62(1)(a) of the Companies Act, 2013 passed by our Board of Directors on November 19, 2014, it has been decided to make the rights offer to the Eligible Equity Shareholders of our Company. The Board in its meeting held on December 30, 2014 also determined the Issue Price as ₹ 15 and the rights entitlement of 1 Equity Share for every 2 Equity Shares held on the Record Date, i.e. [●]. The Issue Price has been arrived at in consultation with the Lead Manager.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Directors, our Promoter, Directors of our Promoter, the Promoter Group entities, the persons in control of our Company and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Company, our Directors, Promoter, Directors of our Promoter, our Group Companies, members of our Promoter Group or ventures with which our Promoter was associated with in the past have been declared as wilful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them.

Association with securities markets

None of the Directors of our Company are associated with the securities markets in any manner.

Compliance with Part E of Schedule VIII of SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII to the SEBI ICDR Regulations as explained below:

(a) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreements for the last three years immediately preceding the date of filing of the Draft Letter of Offer with SEBI;
(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE & NSE, which are recognised stock exchanges with nationwide trading terminals; and
(c) Our Company has an investor grievance-handling mechanism which includes meeting of the Share Transfer Committee and Shareholders / Investors Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Compliance with certain regulatory provisions

Our Company has complied during the financial year immediately preceding the date of the Draft Letter of Offer with respect to the following:

(a) Provisions of the Listing Agreement with respect to reporting and compliance under Clause 35, 40A, 41 and 49;
(b) Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, to the extent applicable; and
(c) Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, SPA CAPITAL ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL

AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SPA CAPITAL ADVISORS LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 27, 2015 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

   WE CONFIRM THAT:

   (A) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE**

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO**

SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER / DRAFT LETTER OF OFFER. - NOT APPLICABLE

7. **WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS**

BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTER EXPERIENCE, ETC.

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE**

17. **WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2014.**

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

DISCLAIMER STATEMENT FROM OUR COMPANY AND THE LEAD MANAGER

OUR COMPANY AND THE LEAD MANAGER ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT LETTER OF OFFER OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE BEEN REPRESENTED BY OUR COMPANY AND THE LEAD MANAGER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Issue Agreement. All information shall be made available by our Company and the Lead Manager to the Eligible Equity Shareholders at large and no selective or additional information would be made available for a section of Eligible Equity Shareholders in any manner whatsoever. Applicants will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Shares.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction
The Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, Maharashtra, India only.

Selling restrictions
The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our eligible Equity Shareholders and will dispatch the Draft Letter of Offer / Abridged Letter of Offer and CAFs to the eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer was filed with SEBI for observations. Accordingly, the rights of Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in the Draft Letter of Offer.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Designated Stock Exchange
The Designated Stock Exchange for the purposes of the Issue will be BSE.

Disclaimer Clause of the BSE
As required, a copy of the Draft Letter of Offer will be submitted to BSE (the designated stock exchange).

"BSE Limited ("the Exchange") has given vide its letter dated [●], permission to this Company to use the Exchange's name in this Draft Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer;
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by any such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any reason whatsoever."

Filing
The Draft Letter of Offer will be filed with SEBI at "SEBI Bhawan", Plot No. C4-A, "G" Block, bandra Kurla Complex, Bandra (East), Mumbai - 400 051 for its observations. SEBI has vide its letter [●] dated [●] issued its final observations and the Letter of Offer has been filed with the Designated Stock Exchange.

Listing
The existing Equity Shares are listed on the BSE. We will file in-principle approval application to obtain in-principle approval from the BSE in respect of the Equity Shares being offered in terms of the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Draft Letter of Offer.

We will issue and dispatch Allotment advice / share certificates / demat credit and / or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Consents
Consents in writing of the Promoter, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to the Company, Statutory Auditors and Banker to the Issue and SRK to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer.

Expert opinion
Except for the report provided by SRK Mining Services (India) Private Limited February 03, 2012 (copy of which is annexed to this Draft Letter of Offer as Annexure I), and the report of the Auditor of our Company on the audited financial information, included in this Draft Letter of Offer, who are deemed to be experts under the Companies Act and are liable for their respective reports under the Companies Act, our Company has not obtained any expert opinion.

Expenses of the Issue
The total expenses of the Issue are estimated to be approximately ₹ 8.22 million (1.85% of the Issue Size). The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses. The estimated Issue expenses are as follows:

(₹ in million)

Particulars	Estimated Expenses (₹ in millions)	% of Estimated Issue size	% of Estimated Issue expenses
Fees payable to intermediaries including Lead Manager and Registrar to the Issue	2.27	0.51	27.63
Advertising, travelling and marketing expenses	0.80	0.18	9.73
Printing and stationery expenses	2.50	0.56	30.41
Other expenses (including but not limited to legal fees, SEBI fees, listing charges, depository fees, auditor fees, commission, brokerage, out of pocket reimbursements, etc.)	2.65	0.60	32.23
Total	**8.22**	**1.85**	**100.00**

Investor Grievances and Redressal System
We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 03, 2011.

Our Company has a Stakeholders Relationship Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within five days of the receipt of the complaint. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer.

Our Board has constituted the Stakeholders Relationship Committee. This committee currently comprises of 2 members, namely Mr. K. R. Krishnamurthy and Mr. Sandeep Lakhwara. Our Stakeholders Relationship Committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc. and
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by our Company.

Status of Shareholders Complaints

(a) No. of shareholders complaints outstanding as on February 28, 2015: Nil

(b) Status of the pending complaints: Not applicable

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.

Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least three years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank / SCSB and the branch where the CAF, or the plain paper Application, as the case may be, was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be 15 working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

Link Intime India Private Limited
SEBI Regn. No.: INR000004058
C-13, Pannalal Silk Mills Compound,
LBC Marg, Bhandup (West), Mumbai - 400 078
Tel.: +91 22 6171 5400
Fax: +91 22 2596 0329
E-mail: dgml.rigths@linkintime.co.in
Investor Grievance e-mail id: dgml.rigths@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non receipt of allotment advice / share certificates / demat credit / refund orders etc.

Address of our Compliance Officer:

Mr. S. Subramaniam
Company Secretary
No. 5, 19th Main Road
4th Sector, HSR Layout
Bengaluru - 560 102
Tel. No.: +91 80 6715 5700
Fax No.: +91 80 6715 5701

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

OFFERING INFORMATION

The Equity Shares proposed to be issued are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF enclosed with the Draft Letter of Offer, the Memorandum and Articles of Association, the provisions of the Companies Act, FEMA, the SEBI Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by SEBI, RBI and/ or other statutory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non Institutional Investors and other applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process" on page 118 of the Draft Letter of Offer.

Authority for the Issue

Pursuant to a resolution under Sections 62(1)(a) of the Companies Act, 2013 passed by our Board of Directors on November 19, 2014, it has been decided to make the rights offer to the Eligible Equity Shareholders of our Company.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing equity shareholders of our Company whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [●], fixed in consultation with the Designated Stock Exchange.

Ranking of Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends, provided that voting rights and dividend payable shall be in proportion to the paid-up value of the Equity Shares held.

Mode of Payment of Dividend

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

The distribution of the Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE

Face Value
Each Equity Share shall have the face value of ₹ 1 each.

Issue Price
Each Equity Share is being offered at a price of ₹ 15 (including a premium of ₹ 14 per Equity Share). The Issue Price has been arrived at by us in consultation with the Lead Manager.

Rights Entitlement Ratio
The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Company in the ratio of 1 Equity Share for every 2 Equity Shares held as on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with the Draft Letter of Offer.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "Offering Information - Application on Plain Paper" on page 120 and 128 respectively.

Terms of payment
The entire amount of ₹ 15 per Equity Share is payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Fractional Entitlements
For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than two Equity Shares or not in the multiple of two, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any. Additional Equity Shares allotted over and above the Rights Entitlement would be adjusted from the unsubscribed portion of the Issue, if any.

Those Equity Shareholders holding less than two Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

Arrangement for Odd Lot Equity Shares
The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of the Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Rights of the Equity Shareholder
Subject to applicable laws, Equity Shareholders shall have the following rights:
- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

GENERAL TERMS AND CONDITIONS OF THE ISSUE FOR ASBA APPLICANTS AND NON - ASBA APPLICANTS

Market lot

The Equity Shares of the Company is tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

Restrictions on transfer and transmission of shares and on their consolidation / splitting

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to the Issue.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association.

Nomination facility

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered and Corporate Office or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in the Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant wants to change the nomination, they are requested to inform their respective Depository Participant.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English National Daily and one Hindi National Daily with wide circulation (including the place where our Registered Office is situated) and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time.

Procedure for Application

The CAF for Equity Shares would be printed for all Equity Shareholders. In case the original CAF is not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF / duplicate CAF attributable to postal delays or if the CAF / duplicate CAF are misplaced in the transit.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non Institutional Investors and other applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to the Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated 8 December 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. We and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

All applicants who are QIBs and Non - Institutional Investors can participate in the Issue only through the ASBA Process. Any Application by such categories of Investors including plain paper applications by them have to be made through the ASBA process.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders applying through the ASBA process are required to submit their Applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

Acceptance of the Issue

ASBA Investors may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard.

Mode of payment

An ASBA Investor agrees to block the entire amount payable on Application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the bank account maintained with the SCSB, as mentioned by the Eligible Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company as per the provisions of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The ASBA Investor would be required to block the entire amount payable on their Application at the time of the submission of the CAF. The SCSB may reject the Application at the time of acceptance of CAF if the bank account with the SCSB, details of which have been provided by the Eligible Equity Shareholder in the CAF, does not have sufficient funds equivalent to the amount payable on Application mentioned in the CAF.

Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application only on technical grounds.

Options available to the ASBA Investors
A summary of options available to Eligible Equity Shareholders is presented below. ASBA Investors may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

The Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares
An ASBA Applicant is eligible to apply for additional Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Offering Information - Basis of Allotment" on page 135 of the Draft Letter of Offer.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA process
Renouncees are not eligible to participate in the Issue through the ASBA process.

Application on Plain Paper
An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

The envelope should be superscribed "Deccan Gold Mines Limited - Rights Issue". The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us / Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Deccan Gold Mines Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ 15 per Equity Share;

- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number,
- name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records.
- Additionally, all such applicants are deemed to have accepted the following:

"*If we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALISED FORM

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for ASBA Investors

- Please read the instructions printed on the CAF carefully.
- Pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated 29 April 2011, all Applicants who are QIBs or Non Institutional Investors shall, on a mandatory basis, make use of the ASBA process in the Issue. In addition all investors applying through the ASBA process including QIBs and Non Institutional Investors will have to comply with the eligibility conditions as specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. Applicants that are QIBs and Non Institutional Investors can participate in the Issue only through the ASBA process. Eligible Equity Shareholders who are not QIBs or Non Institutional Investors can participate in the Issue through either the ASBA process or the non ASBA process.
- Applications should be made on the printed CAFs only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

- The CAF / plain paper application in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue (assuming that such Banker to the Issue is not a SCSB), to our Company or Registrar or a Lead Manager to the Issue.
- All applicants, and in the case of Application in joint names, each of the joint applicants, should mention his / her PAN number allotted under the IT Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares shall be made into the accounts of such Investors.
- All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is affected in contravention of this, the Application may be deemed invalid and the Application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company and/ or Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Depository/ our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA process.
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Only the Eligible Equity Shareholders holding shares in demat form, and who comply with all the parameters for being an ASBA Investor, are eligible to participate through ASBA process.
- Eligible Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

Do's for ASBA Investors:

- Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the Application can be made on plain paper with all necessary details as required under the paragraph "Application on plain paper" appearing in the section titled "Offering Information - Procedure for application through the Applications Supported by Blocked Amount ("ASBA") process" on page 118 of the Draft Letter of Offer.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} multiplied by {the Issue Price, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on Application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.

- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- Ensure that you apply through the ASBA process if you are a QIB or a Non - Institutional Investor.

Don’ts for ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on Application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager / Registrar to the Issue / Banker to the Issue (assuming that such Banker to the Issue is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Bank; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not apply if the ASBA Account has been used for five applicants.
- Do not instruct respective banks to release the funds blocked under the ASBA process.
- In the event that you are a QIB or a Non - Institutional Investor, do not apply in the Issue through the non - ASBA process.

Grounds for Technical Rejection under ASBA process

Applications under the ASBA process are liable to be rejected on the following grounds:

- Application on a Split Application Form.
- Application for Allotment of Rights Entitlements or additional shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Renouncee applying under the ASBA process.
- Sending CAF to a Lead Manager / the Registrar to the Issue/ the Registrar and Transfer Agent/ a Banker to the Issue (assuming that such Banker to the Issue is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Bank.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdiction or executed by or for the benefit of a “U.S. Person” (as defined in Regulation S).
- An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Submitting the GIR instead of the PAN.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS WHO COMPLY WITH THE PARAMETERS FOR BEING AN ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SUCH ELIGIBLE EQUITY SHAREHOLDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. SUCH ELIGIBLE EQUITY SHAREHOLDERS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE

ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Such Eligible Equity Shareholders should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository, the Demographic Details. Hence, Eligible Equity Shareholders should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs/ plain paper ASBA Applications, ASBA Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking of funds would be mailed to the address of the ASBA Investors as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such shareholders. ASBA Investors may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the funds.

Note that any such delay shall be at the sole risk of the ASBA Investors and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investors for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

PROCEDURE FOR APPLICATION BY NON ASBA PROCESS

The CAF consists of four parts:
Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares;
Part B: Form for renunciation;
Part C: Form for Application by Renouncee(s); and
Part D: Form for request for Split Application Forms.

The summary of options available to the Eligible Equity Shareholder who applies through the Non - ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(all joint holders must sign)*
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Equity Shares *(all joint holders must sign)*
Renounce your Rights Entitlement in full to one person, *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncees must fill in and sign Part C *(all joint Renouncees must sign)*

Option Available	Action Required
Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D *(all joint holders must sign)* requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for the receipt of requests for Split Application Forms. Splitting will be permitted only once. **On receipt of the Split Application Form take action as indicated below.** For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncees must fill in and sign Part C.

Please note that:

- Part A of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the Application invalid.
- Request for Split Application Form should be made for a minimum of one Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholder(s) for the Split Application Form should reach the Registrar to the Issue on or before [●].
- Only the person, to whom the Draft Letter of Offer and / or Abridged Letter of Offer has been addressed to and not the Renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. CAF once split cannot be split again.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities law.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Company / the Depositories.
- Split Application Forms(s) will be sent to the applicant(s) by post at the applicant's risk.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard. Investors at centres not covered by the branches of Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Chennai / demand draft payable at Chennai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "Offering Information - Payment options for Non ASBA Applicants" on page 129 of the Draft Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Offering Information - Basis of Allotment" on page 135 of the Draft Letter of Offer. If you desire to apply for additional Equity Shares, please indicate your requirements in the place provided for additional Equity Shares in Part A of CAF. The Renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF. Renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF.

Applications for additional Equity Shares by Non Resident Eligible Equity Shareholders may be subject to the permission of the RBI / FIPB.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register and Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Renunciations by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof. Renouncee(s) shall not be entitled to further renounce the entitlement in favour of any other person.

Procedure for renunciation

To renounce the entire Rights Entitlement in favour of one Renouncee

If you wish to renounce the Rights Entitlement indicated in Part A of the CAF, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)
If you wish to either accept the Rights Entitlement in part and renounce the balance or renounce the entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of Split Application Forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for Split Application Forms. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Company, the Application is liable to be rejected.

Renouncee(s)
The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the CAF and submit the entire CAF to the Banker to the Issue on or to any of the collection branches of the Banker to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full.

Further, Eligible Equity Shareholders renouncing their Rights Entitlement in whole or in part will not be eligible to participate through the ASBA process.

Change and/ or introduction of additional holders
If you wish to apply for Equity Shares jointly with any other person(s), not exceeding three persons, who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof.

Offer to Non Resident Eligible Equity Shareholders / Applicants
Applications received from NRs for Allotment shall be inter alia, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice/ share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated 3 May 2000. Our Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non Resident Eligible Equity Shareholders. The Equity Shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

The Draft Letter of Offer and CAF shall only be dispatched to Non Resident Eligible Equity Shareholders with registered addresses in India.

Availability of Duplicate CAF
In case the original CAF is not received, or is misplaced by an applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least seven days prior to the Issue Closing Date. Please note that those who are making the Application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Neither the Registrar to the Issue nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque / demand (after deducting banking and postal charges) payable at Chennai which should be drawn in favour of "Deccan Gold Mines Limited - Rights Issue - R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "Deccan Gold Mines Limited - Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "Deccan Gold Mines Limited - Rights Issue - R" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "Deccan Gold Mines Limited - Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis.

Applications on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being "Deccan Gold Mines Limited";
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Share certificate numbers and distinctive numbers of Equity Shares (if Equity Shares are held in physical form);
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled as per Rights Entitlement;
- Number of Equity Shares applied for as per Rights Entitlement;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 15 per Equity Share;
- Particulars of cheque/ demand draft/ pay order;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Details of PAN, except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, irrespective of the total value of the Equity Shares being applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRE/FCNR/NRO account.
- Additionally, by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us, the Lead Manager, as follows:

"*If we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the Application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If an applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Our Company will refund such Application Money to such applicant without any interest thereon.

Last date of application

The last date for submission of the duly filled in CAF or the plain paper Application is [●]. Our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF, or the plain paper Application together with the amount payable is not received by the Banker to the Issue / Registrar to the Issue, on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any committee of our Board, the offer contained in the Draft Letter of Offer shall be deemed to have been declined and our Board or any committee of our Board shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section titled "Offering Information - Basis of Allotment' on page 135 of the Draft Letter of Offer.

Payment options for Non - ASBA Applicants

Mode of payment for Resident Eligible Equity Shareholders / Applicants

- Non - ASBA Applicants who are resident in centers with the bank collection centres shall draw cheques/ drafts accompanying the CAF, crossed account payee only and marked "***Deccan Gold Mines Limited - Rights Issue - R***".
- Resident Non - ASBA Applicants residing at places other than places where the bank collection centres have been opened by our Company for collecting Applications, are requested to send their Applications together with Demand Draft / Pay Order payable at Chennai, crossed account payee only and marked "***Deccan Gold Mines Limited - Rights Issue - R***" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of Applications in transit, if any.

Mode of payment for Non - Resident Eligible Equity Shareholders/ Applicants

Non Resident Non - ASBA Applicants applying on a non-repatriation basis should send their completed CAF by registered post / speed post to the Registrar to the Issue, along with demand drafts net of bank and postal charges, payable at Chennai in favour of the Banker to the Issue, crossed account payee only and marked "***Deccan Gold Mines Limited - Rights Issue - R***" or "***Deccan Gold Mines Limited - Rights Issue - NR***", as the case may be, so that the same are received on or before Issue Closing Date in any of the following manner:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Chennai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable at Chennai; or FIIs registered with SEBI must remit funds from special non resident rupee deposit account.
- Non Resident investors applying with repatriation benefits should draw crossed account payee cheques/ drafts in favour of the Banker to the Issue and marked "***Deccan Gold Mines Limited - Rights Issue - NR***" payable at Chennai for the full Application Money.
- In the case of NRIs who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be

furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

Application without repatriation benefits

- As far as Non Residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Chennai. In such cases, the Allotment of Equity Shares will be on non repatriation basis.
- All cheques/ demand drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of the Banker to the Issue and marked "***Deccan Gold Mines Limited - Rights Issue - R***" payable at Chennai and must be crossed 'account payee only' for the full Application Money. The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Applicants may note that where payment is made by drafts purchased from NRE / FCNR / NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the Application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from then investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case of an Application received from Non Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

General instructions for Non - ASBA Applicants

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by our Company or a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.

(c) The CAF together with cheque/ demand draft should be sent to the Banker to the Issue / Collecting Bank or to the Registrar to the Issue, and not to our Company, the Lead Manager. Resident applicants residing at places other than cities where the branches of the Banker to the Issue have been authorized by our Company for collecting Applications, will have to make payment by crossed account payee cheques or demand drafts / pay orders payable at Chennai and marked "***Deccan Gold Mines Limited - Rights Issue***" and send their CAFs to the Registrar to the Issue by registered post/ speed post. If any portion of the CAF is/ are detached or separated, such Application is liable to be rejected.

(d) Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, CAFs without the PAN details will be considered incomplete and are liable to be rejected.

(e) Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of the Company, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected.
(f) All payment should be made by cheques/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Company.
(h) In case of an Application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under the Issue and to sign the Application and a certified true copy of the memorandum and articles of association and/ or bye-laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the Application is liable to be rejected.
(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are Renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
(j) Application(s) received from Non Residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
(k) All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.
(l) Split Application Forms cannot be re-split.
(m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain Split Application Forms.
(n) Applicants must write their CAF number at the back of the cheque/ demand draft.
(o) A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and Applications accompanied by such cheques/ demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash. (For payment against Application in cash please refer point (f) above).
(p) No receipt will be issued for Application Money received. The Banker to the Issue/ Collecting Bank/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
(q) Our Company shall not allot and/ or register any Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of the Draft Letter of Offer could be illegal or requires compliance with applicable securities laws.
(r) The distribution of the Draft Letter of Offer and issue of Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Draft Letter of Offer and not to attempt to subscribe for Rights Issue Equity Shares.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date;
(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
(d) Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
(f) Ensure that you receive an acknowledgement from the collection centres of the collection bank for your submission of the CAF in physical form;
(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;
(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and
(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

Dont's for non-ASBA Investors:

(a) Do not apply through the non-ASBA process if you are a QIB or a Non – Institutional Investor;
(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Banker to the Issue;
(c) Do not pay the amount payable on Application in cash, by money order or by postal order;
(d) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
(e) Do not submit an Application accompanied with stockinvest; or
(f) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the Application Money payable;
- Bank account details (for refunds) are not given and the same are not available with the Depository Participant (in the case of Equity Shares held in dematerialised form) or the Registrar and Transfer Agent (in the case of Equity Shares held in physical form);
- Age of the first applicant not given (in case of Renouncees);
- Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given;
- PAN in CAF not matching the PAN in the DP ID;
- In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;
- If the applicant desires to have Equity Shares in electronic form, but the CAF does not have the applicant's depository account details;
- CAF is not submitted by the applicants within the time prescribed as per the CAF and the Draft Letter of Offer;
- CAF not duly signed by the sole/ joint applicants;
- CAF by OCBs unless accompanied by specific/general approval from the RBI permitting such OCBs to invest in the Issue;
- CAF accompanied by stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/ postal orders/ outstation demand drafts;

- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares under the Issue in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;
- CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- Multiple Applications, including where an applicant submits a CAF and a plain paper Application; and
- Duplicate Applications;
- In case the GIR number is submitted instead of the PAN; and
- Applications by Renouncee(s) who are persons not competent to contract under the Indian Contract Act, 1872, including minors, except where applied through Guardian.

Please read the Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

Option to receive Equity Shares in Dematerialised Form

Except for ASBA Applicants, Investors shall be Allotted Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Company, along with the Registrar and Transfer Agent, has signed tripartite agreements dated March 15, 2004 and March 01, 2004 entered into with NSDL and CDSL, respectively, which enables the Investors to hold and trade in securities in dematerialised form, instead of holding the securities in the form of physical certificates. Our Company has appointed Link Intime India Private Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

In the Issue, Allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF or the plain paper application, as the case may be. Applications, which do not accurately contain this information, will receive securities in physical form. No separate Applications for securities in physical and/ or dematerialised form should be made. If such Applications are made, the Application for physical securities will be treated as multiple Applications and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of the Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in the Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Payment of refunds to Non - ASBA Applicants

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period, our Company shall pay that money with interest at the rate of 15% per annum for the delayed period.

The payment of refund to Non - ASBA Applicants, if any, would be done through any of the following modes:

1. NECS - Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/ the records of the Registrar and Transfer Agent. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. National Electronic Fund Transfer ("**NEFT**") - Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit - Investors having bank accounts with the Refund Banker(s), in this case being, Axis Bank Limited shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
4. RTGS - If the refund amount exceeds ₹ 2 lakhs, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn and will be payable at par.
6. In case of any category of Investors specified by SEBI, crediting of refunds to the Investors in any other electronic manner permissible under the banking laws of India for the time being in force which is permitted by SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders / refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

(e) Allotment to any other person as our Board may, in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Letter of Allotment / Allotment Advice / Share Certificate / Demat Credit / Refund Order

We will issue and dispatch Allotment advice / share certificates / demat credit and / or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date or the date of refusal by the Stock Exchange(s), we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post / speed post to the sole / first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Disposal of Application and Application Money

The Banker to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Company.

In case an Application is rejected in full, the whole of the Application Money received will be refunded. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded to the applicant within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

For further instruction, please read the CAF carefully.

Underwriting

Our Company has not entered into any underwriting agreement.

Impersonation

As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who-*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated 5 November 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in the Issue.

Investments by FPIs and FIIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24.00% of the paid-up Equity Share capital of our Company. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. If the registration of a FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees, as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

The shareholders of the Company, vide resolution passed through postal ballot on March 12, 2015 approved investment by Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) / Overseas Citizen of India (OCIs) in the Equity Shares of the Company by purchase or acquisition under the Portfolio Investment Scheme prescribed under FEMA and applicable regulations Regulations, provided that the total holding of NRIs and PIOs / OCIs put together shall not exceed 24% (Twenty Four Percent) of the paid-up equity share capital of the Company or such other limits as may be prescribed from time to time under applicable laws, rules and regulations and provided further that the equity shareholding of each NRI and PIO / OCI shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than five percent of paid up equity capital of the company at any point of time (includes investment made as a QFI and FDI). Further, aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the Company at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

QFI applicants which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Issue only through the ASBA process.

The Board of Directors declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account referred to in the Companies Act, 2013;
(b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;
(c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
(d) We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Our undertakings

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within 7 working days of finalisation of Basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The allotment of Equity Shares and dispatch of refund orders / share certificate and demat credit is completed within 15 days from the Issue Closing Date
6. The certificates of the securities / demat credit / refund orders to the non-resident Indians shall be dispatched within the specified time.
7. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the Issue Closure Date for the period of delay beyond 15 days.
8. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Draft Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
9. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
10. At any given time there shall be only one denomination of Equity Shares.
11. We accept full responsibility for the accuracy of information given in the Draft Letter of Offer and confirm that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
12. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
13. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Important

- Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
- It is to be specifically noted that the Issue of Equity Shares is subject to the risk factors mentioned in the section titled "Risk Factors" on page 8 of the Draft Letter of Offer.
- All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super-scribed "Deccan Gold Mines Limited - Rights Issue" on the envelope) to the Registrar to the Issue at the following address:

Link Intime India Private Limited
SEBI Regn. No.: INR000004058
C-13, Pannalal Silk Mills Compound,
LBC Marg, Bhandup (West), Mumbai – 400 078
Tel.: +91 22 6171 5400
Fax: +91 22 2596 0329
E-mail: dgml.rigths@linkintime.co.in
Investor Grievance e-mail id: dgml.rigths@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav

The Issue will be kept open for a minimum of 15 days unless extended, in which case it will be kept open for a maximum of 30 days.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer, which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 from 10.00 AM to 02.00 p.m. from the date of the Draft Letter of Offer until the date of closure of the Rights Issue.

A. Material Contracts

1. Issue Agreement dated March 23, 2014 entered between our Company and the Lead Manager
2. Agreement dated March 23, 2014 entered between our Company and the Registrar to the Issue
3. Banker to the Issue Agreement dated [●] between our Company, the Lead Manager, the Registrar to the Issue and Banker to the Issue.

B. Documents available for inspection

1. Fresh Certificate of Incorporation of our Company dated March 19, 2003.
2. Memorandum and Articles of our Company.
3. Tripartite agreements dated March 15, 2004 and March 01, 2004 entered into with NSDL and CDSL respectively.
4. Copy of the Resolution passed by the Directors in their meeting dated November 19, 2014 approving the Issue.
5. Consents of the Promoter, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to our Company, Statutory Auditors, Banker to the Issue and SRK to include their names in the Draft Letter of Offer to act in their respective capacities.
6. Letter of Offer dated December 18, 2003 for the previous rights issue made by our Company.
7. Copy of resolution appointing the Managing Director.
8. Shareholders Resolution passed at the Annual General Meeting held on December 30, 2014 appointing M/s V K Beswal & Associates, Chartered Accountants, as statutory auditors.
9. Annual Report of our Company for the financial year ended March 31, 2014.
10. Statement of Tax Benefits dated March 24, 2015 received from the Statutory Auditors of our Company.
11. Due Diligence certificate dated March 27, 2015.
12. In-principle listing approval for this Issue dated [●] from BSE.
13. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

No statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956, Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the said issue as also the regulations, instructions etc. issued by SEBI, Government of India, Reserve Bank of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Draft Letter of Offer are true and correct.

On behalf of the Board of Directors of Deccan Gold Mines Limited

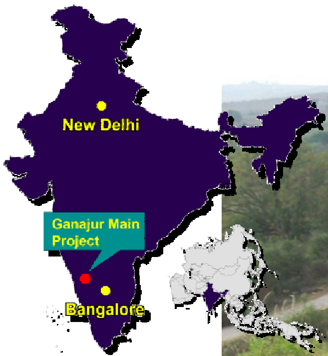
Charles Edward English Devenish Chairman	**Sandeep Lakhwara** Managing Director
Dr. Krishnamurthy Ramaswamy Kuduvalli Director	**Prof. Vinod Kumar Gaur** Director
Moni Ramakrishnan Director	**Karunakaran Krishnamurthy** Chief Financial Officer

Place: Bengaluru
Date: March 27, 2015

Updated Mineral Resource Estimate and Preliminary Assessment of the Economic Potential of the Ganajur Main Gold Project, Karnataka, India

Report Prepared for

Deccan Gold Mines Ltd.



Report Prepared by

srk consulting

SRK Mining Services (India) Pvt. Ltd.

February 3, 2012

Updated Mineral Resource Estimate and Preliminary Assessment of the Economic Potential of the Ganajur Main Gold Project, Karnataka, India

Deccan Gold Mines Ltd.

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89/1, Marathahalli Outer Ring Road
Bangalore – 560034, India

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Kolkata – 700064, India
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+91 (0)33 4062 1003

SRK Project Number DGML003

February 2012

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Executive Summary

SRK Mining Services (India) Private Limited ("SRK") is part of the international group holding company, SRK Global Limited (the "SRK Group"). Deccan Gold Mines Limited ("DGML") commissioned SRK in mid-2011, to produce an updated mineral resource estimate and to undertake a Scoping Study and Preliminary Economic Assessment ("PEA") for the Ganajur Main Gold Deposit ("the Project") located in the southern India state of Karnataka. DGML is a gold exploration and development company listed on the Mumbai Stock Exchange involved in gold exploration activities in India. Deccan Exploration Services Pvt. Ltd. ("DESPL"), a wholly owned subsidiary of DGML, explored the area in and around Ganajur – Karajgi villages of Haveri District in the northwest part of the Karnataka State and identified several gold occurrences, including the Ganajur Main Prospect that is the prime focus for the company for further development work. DESPL was granted a Prospecting Licence ("PL") over the Project on 10 September, 2009 and the PL Deed was executed with the Government of Karnataka on 25 September, 2009. DESPL has applied for a Mining Licence ("ML") for the Ganajur Main deposit and expect to receive approval within the 1st half of 2012.

SRK's terms of reference for this work were to:

- Review the exploration work undertaken by DESPL thus far;
- Review geological model developed by the Company and prepare an updated Mineral Resource estimate in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared in 2004 by the Joint Ore Reserves Committee ("JORC").
- Examine the economic viability of exploiting Ganajur Main at a scoping level, looking at an open pit contractual operation and make recommendations to DGML;
- Review and incorporate the process work undertaken by AMMTEC, Australia and the Company with regard to process plant;
- Review the existing data and geography of the project to look for suitable sites for waste dumps, tailing facilities and other infrastructure; and
- Develop a strategy and preliminary timetable for DGML to develop the project further.

SRK maintains that this report has been prepared for DGML to be used primarily as an internal decision making document. SRK notes that no Ore Reserves have been estimated in accordance with an international reporting code as part of this assignment.

Project Location

The Project is located in the north-western part of the Karnataka state. The area is generally a gently undulating plain with few northwest-southeast trending small ridges. The average elevation difference is in order of 50 to 60 m and the landmass of the area is situated between the elevations of 515 to 570 m above mean sea level ("msl").

The Tungabhadra River, which is around 30 km to the east of the Project, flows along the eastern border of the Heveri district and is the only perennial river. The Varada and Kumudvati rivers are major tributaries of Tungabhadra and the Dharma River, a major tributary of Varada, and drain the district. All the rivers in the surrounding area together with their tributaries exhibit dendretic drainage patterns and are part of the Krishna main basin.

The area enjoys sub tropical climate with temperatures ranging between 18 and 40 degrees centigrade. Rainfall varies in the region from over 903 mm in the west (Hanagal) to less than 592 mm in the east (Ranebennur). October is the wettest month with normal monthly rainfall in all hydro meteorological stations exceeding 100 mm.

Ganajur Main prospect is well connected by road and rail and has a reasonably established infrastructure in place. The Ganajur Main prospect is located five km north of Haveri town in Haveri District of Karnataka state on the National Highway-4, connecting Bangalore and Pune and 1.5 km south east of Ganajur village. Haveri is around 350 km from Bangalore and 80 km south of Dharwar. Karajgi (3 km from the prospect) and Haveri (5 km) are the nearest railway stations on the Bangalore-Mumbai broad gauge railway.

Geology

The Ganajur Main Deposit is located within the late Archaean Western Dharwar Craton ("WDC") of Southern India and occurs as a part of the Ranibennur Group and in the Dharwar-Shimoga (or the Shimoga) greenstone belt.

The Shimoga greenstone belt contains numerous banded cherty iron formations within a vast mass of greywacke. The eastern part of the iron formation is of sulphide facies containing mainly pyrite and arsenopyrite. The sulphide facies iron formation is auriferous and the Shimoga greenstone belt has been known for ancient artisanal gold mining, notably at Chinmulgund and Karajgi, both of which have been explored by the Geological Survey of India ("GSI").

The mineralisation at Ganajur Main Deposit is hosted largely by greywacke and inter-bedded banded auriferous ferruginous chert (the banded iron formation), which are the part of the greenstone Shimoga belt. The ferruginous chert is characteristic of sulphide facies, as pyrite, arsenopyrite and chalcopyrite occur as significant component. Gold mineralization, occurring as disseminations and fine veinlets, demonstrates close association with the strong sulphidation. The mineralization is mainly stratabound, dominantly confined to the sulphide facies banded iron formation and is characterized by strong sulphide mineralization, silica breccia and minor quartz veining developed within a sulphidic chert unit. The gold mineralization is epigenetic in nature but stratabound because it is confined to the cherty iron formation. The main gold zones form a moderately to steeply dipping tabular body trending northwest to north-northwest and dipping northeast. Fractures are filled with remobilized silica or quartz carbonate veinlets. The amount of gold is directly proportional to the amount of sulphides. The mineralization dominantly occurs as disseminations with a small amount in fine veinlets.

Mineral Resources

Table 1-1 below presents SRK's Mineral Resource Statement as of 31st August 2011. SRK has applied a resource cut off grade of 1.0 g/t gold and restricted the resource to that falling within within a conceptual pit derived assuming a gold price of US$1600/oz. Data quality, drillhole spacing and the interpreted continuity of grades have allowed SRK to classify bulk of the resource as Indicated as defined by the JORC Code, the remainder being classified as Inferred.

Table 1-1 : Mineral Resource Statement Ganajur Main gold deposit, India

Category	Quantity (tonnes)	Grade Gold (gpt)	Contained metal Gold (ounce)
Indicated			
Sulphide	1,921,000	3.83	237,000
Oxide	631,000	3.19	65,000
Total Indicated	2,552,000	**3.67**	301,000
Inferred			
Sulphide	93,000	1.82	5,000
Oxide	17,000	3.26	2,000
Total Inferred	109,000	**2.06**	7,000

*Reported at a cut-off grade of 1.0 gpt gold within a conceptual pit shell optimized assuming a gold price of US$1,600/Oz of gold, metallurgical recovery of 90 percent for both oxide and sulphide mineralization, mining costs of US$12 per tonne, processing costs of US$15 per tonne and pit slopes of 45 degrees. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates.

SRK considers the current estimate to be representative of the geological interpretation and raw sampling data made available to SRK.

SRK considers there to be potential for improvements in the current geological model and potential upside by extending drilling coverage, which can be realized on completion of the next phase of infill drilling. The aim of the infill drilling phase will be to increase the confidence in the Mineral Resource categories, and to increase the current Mineral Resource via dip and strike extensions to known mineralisation.

Mine Optimisation, Design and Scheduling

The mine planning work for the scoping study was based on the above resource model developed by SRK in August 2011. A contract mining scenario has been assumed using conventional truck-shovel combination and cost and geotechnical assumptions presented in the body of this report. For the mine planning work and for generating pit tonnages and grades for scheduling purposes, SRK carried out an open-pit optimisation to provide an overall guidance as to the potential economic pit geometries. Based on the process routes evaluated for this project, optimisation for this study was carried out for two (2) options;

- Option 1 – 600,000 tpa Truck-Shovel Contract Mining, Gravity-CIL cyanidation process
- Option 2 – 600,000 tpa Truck-Shovel Contract Mining, Gravity-Flotation-Roasting-CIL cyanidation process

The key parameters used in the optimisation process were;

Table 1-2 : Pit optimisation parameters

Parameter	Unit	Option 1 (Base Case)	Option 2
		Process Gravity/CIL cyanidation	Process Floatation-Roaster-CIL cyanidation
Price (US$ 1200/Oz)	(US$/g)	40.19	40.19
Selling Cost (Royalty +GA)	(US$/g	2	2
Reference Mining Cost	US$/t	1.5	1.5
Mining Dilution	(%)	5%	5%
Mining Recovery	(%)	95%	95%
Processing (CIL) Cost	US$/t	15	22
Metallurgical Recovery	(%)	77%	89%
Bench Adjustment	$/t/bench	0.01	0.01
Discount Rate	(%)	10%	10%
Production	tpa	600,000	600,000
Slope	degree	Table 16-11	Table 16-11

Option-1 is considered as the Base case for this study and it is the results of this which were used as the guide for the pit designs. The in-situ tonnage and grade of the material within the resulting designed pit is presented in Table 1-3.

Table 1-3 : Tonnage and Grade of the material within the designed pit

Ore[1] Tonnes[2]	Ore Au Grade[2]	Marginal[3] Tonnes	Marginal[3] Au Grade	Waste Tonnes
2.43 Mt	3.67 g/t	0.09 Mt	0.82 g/t	9.16 Mt

Note:

[1] For this study the Total Mineral Resource, which was reported by SRK in August 2011 was considered. Total Mineral Resource contains Inferred Mineral Resource (4% of Total Mineral Resource). Figures represented in the above table should not be read as Ore Reserves.

[2] Ore Tonnes referred in the table above reflects the materials with Au grade higher than 1.0 g/t

[3] The Marginal Tonnes represent the materials with Au grade between 0.5 - 1.0 g/t

For Ganajur Main, SRK considered the following cut offs;

- Breakeven Cut Off – 1.0 gpt Au
- Marginal Cut off – 0.5 gpt Au

Based on the targeted production, SRK produced a production schedule which is set out in Table 1-4 below.

Table 1-4 : Scheduled In-situ Tonnage and Grade

Year	Ore[1] tonnes	Marginal[2] tonnes	Total Waste tonnes	Strip ratio	Ore[1] Au g/t	Marginal[2] Au g/t
1	591,908	8,892	1,526,801	2.59	3.59	0.8
2	559,900	40,843	2,745,409	4.98	3.77	0.86
3	575,612	25,366	2,576,333	4.52	3.68	0.82
4	585,545	14,800	1,932,971	3.33	3.69	0.81
5	117,887	3,804	379,618	3.25	3.45	0.66
Total	**2,430,853**	**93,704**	**9,161,132**	**3.81**	**3.67**	**0.82**

Note:

This study includes the Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Ore Reserves.

[1] Ore Tonnes referred in the table above reflects the material with Au grade higher than 1.0 g/t Au

[2] The Marginal Tonnes referred in the above table represent the material with an Au grade between 0.5 - 1.0 g/t

For this study, the marginal material (Au 0.5-1.0g/t) of 0.09Mt (93,704t) is proposed to be stockpiled and not processed. Further work is recommended as part of any PFS to investigate the economics of processing this.

Metallurgical Testwork

A defined program of metallurgical test work program was undertaken to determine the mineralogical, comminution and metallurgical properties of mineralisation proposed to me mined.

Only a limited amount of metallurgical test work has been completed to date on the Ganajur Main project and this has been undertaken on fresh sulphide mineralisation only. Nonetheless, the following observations can be made from the results reported:

- The gold occurs primarily as weakly argentian native gold.
- A dominant proportion of gold mass is fine and encapsulated in pyrite grains.
- Gold locked in pyritic and silicate minerals are considered refractory which didn’t leach easily through conventional cyanidation.
- The sulphide ore appeared to respond well to when subjected to gravity recovery and CIL cyanidation returning a relatively high (~77%) gold recovery
- There appears to be potential to improve recovery by floatation and oxidation of the sulphides prior to cyanidation.

Two flow sheet options have been considered for the Ganajur Main Project, each of which has its own strengths and weaknesses. At this early stage there is insufficient data to conclusively rule either of these options out but, for the purpose of this study, the Gravity-CIL cyanidation flowsheet has been considered as the “baseline” case and estimates have been made of the capital and operating costs, infrastructure requirements and likely performance of a 2000tpd processing plant assuming this.

The capital cost would be expected to be around US$32.93M with an associated operating cost of US$ 19.84/t ore. A gold recovery figure of 77% has been assumed in the financial model. The overall power demand for the process plant is estimated to be 4000MW (connected load). The process plant labour complement is likely to be of the order of 201 people, including for crushing, grinding, beneficiation, smelting, water supply, plant laboratory & maintenance.

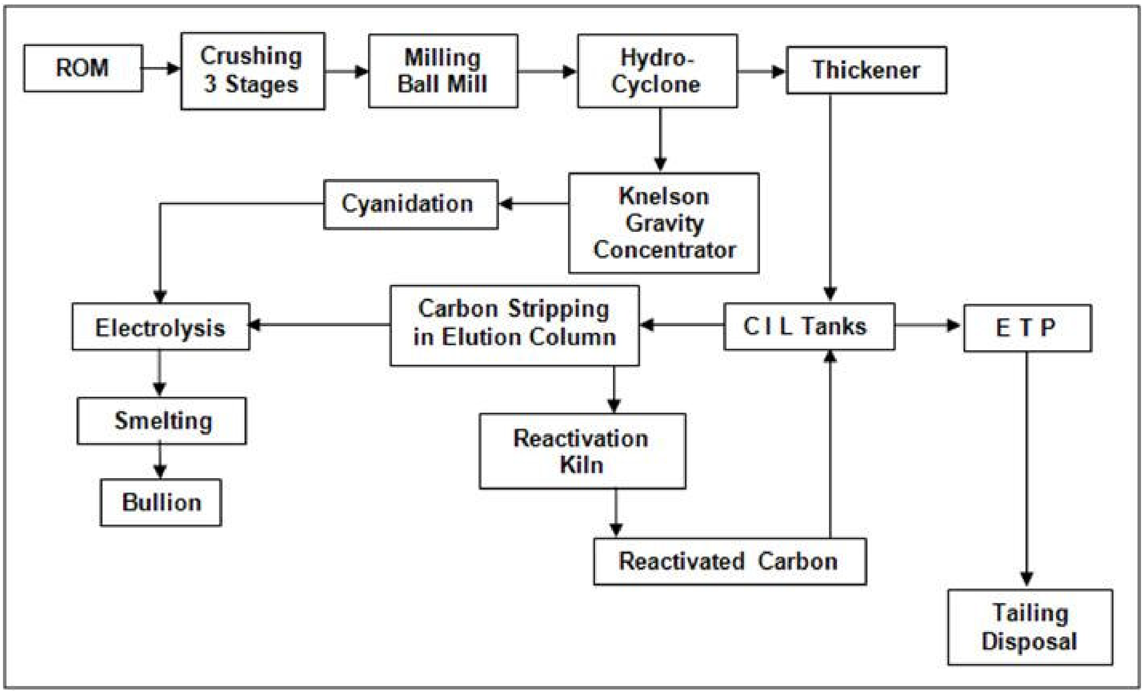


Figure 1-1: Illustrates a simplified flow sheet (Gravity-CIL cyanidation)

Infrastructure

As part of the scoping study SRK has evaluated the surface engineering and infrastructure requirements and the potential locations for the major items of infrastructure required for the project. The infrastructure has been assumed to comprise:

- Roads and access
- Power reticulation and distribution
- Workshops and maintenance facilities
- Waste rock dump and tailings facilities
- Water supply infrastructure
- Township

A proposed layout of the infrastructure is given in Figure 1-2. The layout shows the designed pit, overburden dump, top soil dump, surface haul road from mine to process plant, access road to mine, process plant & tailing dam area, water storage area, access road to plant area from station and the diversion of the River Nallah.

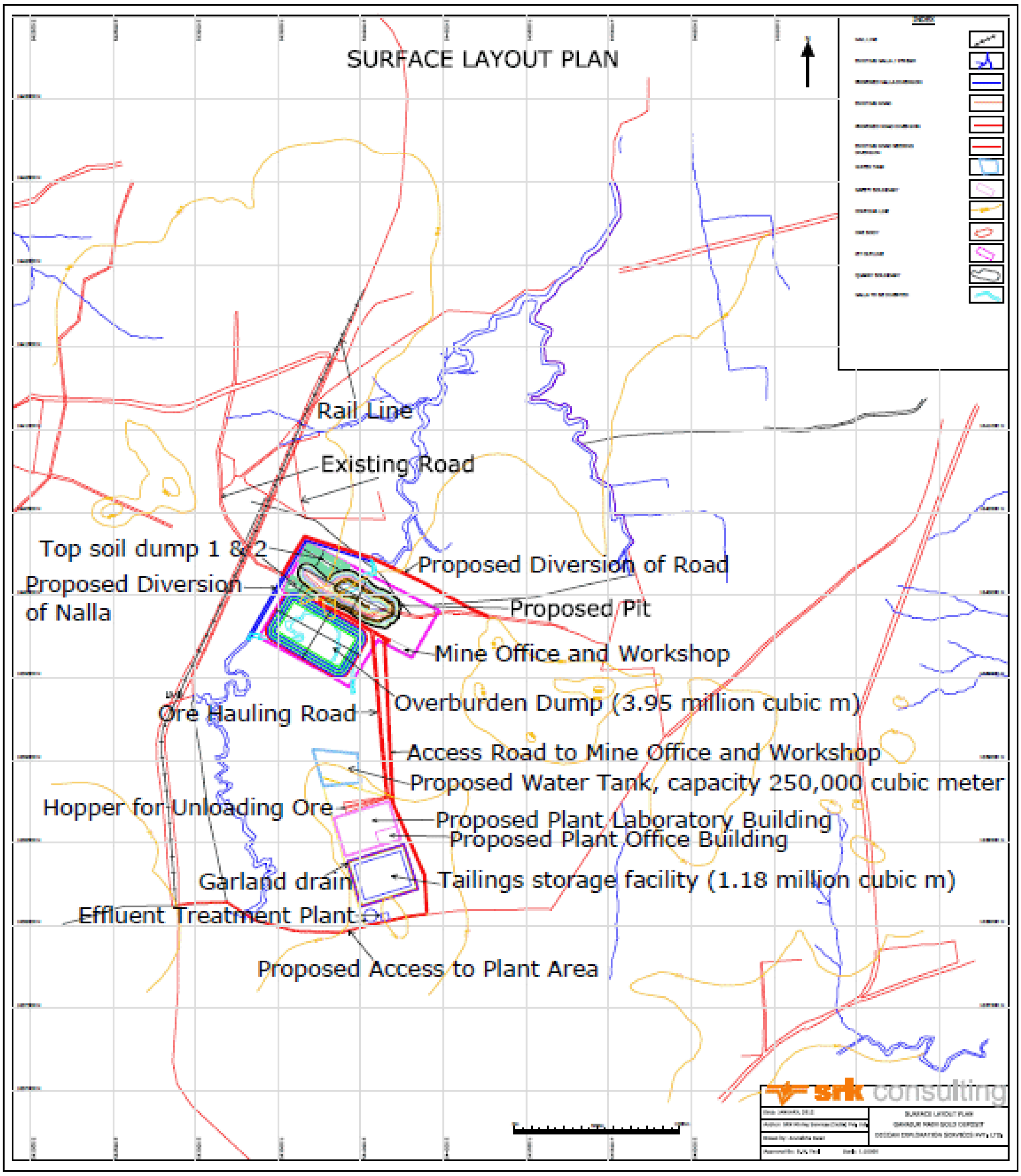


Figure 1-2: Surface layout plan

Waste Disposal

A provisional waste dump site has been identified towards the south-west of the mining area (Figure 1-2). The site proposed at this stage is expected to hold 3.95Mm^3 of waste rock.

A tailing storage facility (TSF) is planned south of the proposed process plant site (Figure 1-2). The proposed site is expected to hold about 1.18Mcm^3 of tailings covering an area of 10.4ha.

Manpower

The workforce requirement for the project is estimated at 250, which includes resources for the process plant, infrastructure and administration. As already commented, the study assumes that the mine would be operated through a mining contractor whose employees are not included in the above figure.

Environmental and Social Studies and Management Measures

DESPL proposes to enforce stringent application of Environmental and Social Management Plans to minimise any long-term impacts to the area and is going to separately appoint an environmental consultant to collect baseline data and undertaken an Environmental and Social Impact Assessment.

Wherever possible, concurrent rehabilitation programs will be included in the mining and operational activities at the mine. It is likely that the open pit will remain, but will be rehabilitated as a final void to protect the safety of the community. Waste rock and tailings areas will also be rehabilitated. A rehabilitation plan will be prepared as part the requirements under the Minerals Law, and in consultation with the relevant stakeholders. A detailed closure plan will also be produced once operational details and environmental studies are completed, fully assessed and understood.

Economic Analysis

SRK has constructed a post-tax, pre-finance Technical Economic Model ("TEM") to derive a Net Present Value ("NPV") for the Project. The valuation model for the Ganajur Main project is based on the geological and engineering work completed to date by SRK and the Company, which SRK has reviewed and adjusted where appropriate. The financial analysis does not include the marginal material reported during the study.

The economic analysis contained in this report is partially based on Inferred Mineral Resources, and is preliminary in nature. Inferred Mineral Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Ore Reserves. There is no certainty that the production and economic forecasts on which this Preliminary Assessment is based will be realised.

The key assumptions taken for the economic analysis during this study are as follows;

- the valuation currency is US Dollar (USD), with any Indian Rupee derived costs being converted at a INR:USD exchange rate of 45:1;

- a base case discount rate of 10%
- Gold price of US$1250/oz
- Royalty rate of 2% of gold value in ore
- Open pit mining to be completed by contractor mining fleet;
- Corporate tax rate of 30%
- Working capital and sustaining capital are ignored
- Contingency on total capital costs of 10%
- Process recovery of 77% for gold

Calculated sensitivities show the significant upside leverage to gold prices and the robust nature of the projected economics to operating assumptions

Other technical and cost assumptions made and used for the economic analysis are summarized in Table 1-5 to Table 1-7

Table 1-5 : Physical assumptions

Description	Unit	Value
Total ore mined (Au>1.0gpt)	Mt	2.43
Total Marginal Material mined (Au 0.5-1.0gpt)	Mt	0.09
Total waste mined	Mt	9.16
RoM Au grade	g/t	3.67
Ore production rate	Mtpa	~0.60

Table 1-6 : Operating cost assumptions

Costs	Unit	Value
Direct LoM mine opex	USDM	36.81
LoM process opex	USDM	48.23
Contract Mining cost	USD/t material	3.15
Processing cost	USD/t ore	19.84

Table 1-7 : Capital cost assumptions

Capital Expenditure	Unit	Value
Owner's cost	USDM	13.08
Process plant	USDM	32.93
Infrastructure	USDM	7.66
Financial Assurance (for area to be rehabilitated)	USDM	0.04
10% Contingency	USDM	5.37

Cashflow projection and Project valuation

SRK's NPV has been derived by the application of Discounted Cash Flow ("DCF") techniques to the post-tax, pre-finance cash flow. In summary, at an Au price of US$1250/oz and a 10% discount rate the Project has an NPV of USD37.39M.

A summary of the results of the cash flow modelling and valuation are presented in Table 1-8 and Table 1-9.

Table 1-8: DCF modelling and valuation (Au price US$1250/oz)

Description	Units	Total (Au only)
Gross Revenue	(USDM)	275.89
Mining Operating cost / t total material	(USD)	3.15
Processing cost/t ore	(USD)	19.84
Capital costs (including Contingency @10%)	(USDM)	59.08
Net pre-tax cashflow	(USDM)	124.61
NPV (10%)	(USDM)	37.39
IRR	(%)	33.11

Table 1-9: Summary Cash flow

	UNIT	TOTAL	YEAR (-2)	YEAR (-1)	YEAR (0)	YEAR (1)	YEAR (2)	YEAR (3)	YEAR (4)	YEAR (5)
PRODUCTION										
Ore (Au >1.0)	Tonnes		-	-	-	591,907	559,900	575,612	585,545	117,887
Waste (Au<0.5)	"		-	-	-	1,526,801	2,745,409	2,576,333	1,932,971	379,618
Marginal Material (Au 0.5-1.0)	"		-	-	-	8,893	40,843	25,366	14,800	3,804
Total Material Mined	Tonnes		-	-	-	2,127,601	3,346,152	3,177,311	2,533,316	501,309
Ore (oxide)	Tonnes		-	-	-	463,548	151,570	7,410	-	-
Ore (sulphide)	"		-	-	-	128,359	408,330	568,202	585,545	117,887
Oxide Au (g/t)	Gram/Tonne		-	-	-	3.37	2.71	2.06	-	-
Sulphide Au (g/t)	Gram/Tonne		-	-	-	4.37	4.16	3.70	3.69	3.45
Processed Au (g)	Grams		-	-	-	1,634,775.90	1,624,243.78	1,630,561.24	1,663,709.01	313,166.82
CAPITAL EXPENDITURE										
Owners Cost	MILLION USD	13.08	4.36	4.36	4.36	-	-	-	-	-
Process Plant	"	32.93	-	16.47	16.47	-	-	-	-	-
Infrastructure	"	7.66	-	3.83	3.83	-	-	-	-	-
Financial Assurance (for area to be Rehabilitated)	"	0.04	0.04	-	-	-	-	-	-	-
Contingency @ 10%	"	5.37	0.44	2.47	2.47	-	-	-	-	-
Total Project Capital Cost	"	59.08	4.84	27.12	27.12	-	-	-	-	-
OPERATING EXPENDITURE										
Contractor Cost	MILLION USD	36.81	-	-	-	6.70	10.54	10.01	7.98	1.58
Refining Cost	"	48.23	-	-	-	11.74	11.11	11.42	11.62	2.34
Royalty	"	7.17	-	-	-	1.71	1.70	1.70	1.74	0.33
Depreciation	"	59.08	-	0.69	5.21	10.64	10.64	10.64	10.64	10.64
CASH FLOW STATEMENT										
Revenue	MILLION USD		-	-	-	65.69	65.26	65.52	66.85	12.58
Cash Outflow (Operating Expenses)	"		-	0.69	5.21	30.79	33.98	33.77	31.97	14.88
Profit Before Tax	"		-	-0.69	-5.21	34.90	31.28	31.75	34.88	-2.30
Corporate Tax	"		-	-	-	10.47	9.38	9.52	10.46	-
Profit After Tax	"		-	-0.69	-5.21	24.43	21.90	22.22	24.42	-2.30
Add Depreciation	"		-	-	-	35.06	32.53	32.86	35.05	8.34
Net Cash Flow	"		-4.84	-27.12	-27.12	35.06	32.53	32.86	35.05	8.34

PROJECT NPV	**MILLION USD**
,@20%	14.15
,@15%	23.78
,@10%	37.39

IRR	33%

Sensitivity Analysis

The tables below show the sensitivity of the results to variable gold prices and at different process recovery percentages.

Table 1-10 : Project valuation sensitivity under different gold price scenarios

Gold Price (USD /oz)								
Description	Unit	900	1000	1100	**1250 Base case**	1400	1500	1650
Net pre-tax cashflow	(MUSD)	49.37	70.86	92.36	**124.61**	156.85	178.35	210.60
NPV (@ 10% Discount Rate)	(MUSD)	5.87	14.88	23.88	**37.39**	50.89	59.87	73.17
IRR	(%)	14.20	20.15	25.61	**33.11**	39.95	44.22	50.24

Table 1-11 : Project valuation sensitivity under different process recovery scenarios

Process Recovery %						
Description	Unit	70	77 Base case	85	90	95
Net pre-tax cashflow	(MUSD)	99.53	**124.61**	153.27	171.19	189.10
NPV (@ 10% Discount Rate)	(MUSD)	26.88	**37.39**	49.39	56.89	64.31
IRR	(%)	27.34	**33.11**	39.22	42.83	46.27

Sensitivity of the Project to variable operating and capital cost was also tested as illustrated in Table 1-12 and Table 1-13 below. Sensitivity was tested at 10% discount rate.

Table 1-12 : Operating cost sensitivity

	Operating cost sensitivity				
	-20%	-10%	0%	10%	20%
NPV (USD)	44.50	40.94	37.39	33.83	30.27
IRR (%)	36.77	34.96	33.11	31.21	29.27

Table 1-13 : Capital cost sensitivity

	Capital cost sensitivity				
	-20%	-10%	0%	10%	20%
NPV (USD)	45.30	41.35	37.39	33.43	29.48
IRR (%)	42.74	37.53	33.11	29.32	26.00

Conclusions and Recommendations

The Study is preliminary in nature and includes production tonnage and grade estimates that are considered conceptual in nature. Notwithstanding this, the Study revealed project economics that appear to be sufficiently robust and which could be improved given, for example, the potential for a number of other satellite exploration targets identified on the current prospecting license area to add to the Mineral Resource over time.

The Scoping Study has demonstrated that at a sustainable gold price greater than USD850/oz, the Ganajur Main Project has the potential to be developed into a viable open-pit mining operation. Additional in-fill and deep drilling planned for completion within Q2 2012 has the potential to further improve project attractiveness.

This report provides justifications for the preparation and undertaking of a comprehensive feasibility work program to enhance and increase the level of confidence in the resource model and to define reserves as well as for completing additional detailed engineering, environmental, socio-political and commercial site studies supporting the development of the project.

Based on the results of this study, SRK recommends to DESPL that it continues with the next phase of the project, a Pre-feasibility Study, in order to identify opportunities and further assess viability of the project.

Table of Contents

List of Tables

List of Figures

Appendices

1 Introduction

Deccan Gold Mines Limited ("DGML") commissioned SRK Mining Services (India) Private Limited ("SRK") in mid-2011, to produce an updated mineral resource estimate and undertake a Scoping Study and Preliminary Economic Assessment (PEA) of the Ganajur Main Gold Deposit ("the Project") located in the southern India state of Karnataka. DGML is a gold exploration and development company listed on the Mumbai Stock Exchange and is primarily involved in gold exploration activities in India. Deccan Exploration Services Pvt. Ltd. ("DESPL"), a wholly owned subsidiary of DGML, explored the area in and around Ganajur – Karajgi villages of Haveri District in the northwest part of the Karnataka State and identified several gold occurrences, including the Ganajur Main Prospect that is the prime focus for the company for further development work. DESPL was granted a Prospecting Licence ("PL") over the Ganajur Main Gold Prospect on 10 September, 2009 and the PL Deed was executed with the Government of Karnataka on 25 September, 2009.

SRK's terms of reference for this work were to:

- Review the exploration work undertaken by DESPL thus far;
- Review the geological model developed by the Company and prepare an updated Mineral Resource estimate in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared in 2004 by the Joint Ore Reserves Committee ("JORC").
- Examine the economic viability of exploiting Ganajur Main at a scoping level, looking at an open pit contractual operation and make recommendations to DGML;
- Review and incorporate the process work undertaken by AMMTEC, Australia and the company with regard to process plant;
- Review the existing data and geography of the project to look for suitable sites for waste dumps, tailing facilities and other infrastructure; and
- Develop a strategy and preliminary timetable for DGML to develop the project further.

The mineral resource evaluation discussed herein considers drilling information available as of July 15, 2011 and has been reported in accordance with the JORC Code.

SRK also notes that its estimates for mining and processing are largely benchmarked to similar sized operations and are therefore preliminary

SRK maintains that this report has been prepared for DGML to be used primarily as an internal decision making document.

1.1 Scope of Work

The scope of work is summarized in a proposal presented to DGML on December 5, 2010.In summary this comprised:-

- An audit of exploration work carried out by DESPL;
- The review of 3D geological interpretation prepared by DESPL in light of new exploration data;
- Mineral Resource estimation for the Ganajur Main deposit and the validation of this;
- Physical inspection of the project by SRK;
- A review of the mining study undertaken by DESPL;
- An assessment of likely geotechnical design criteria;
- Pit optimisation, design and production scheduling;

- Evaluation of the Infrastructure requirements;
- Review of processing test work, proposed process flow sheet and processing costs;
- A desktop review of waste disposal options;
- An assessment of likely capital and operating costs;
- A review of the project economics including the development of a preliminary financial model
- Conclusions from the scoping study review along with recommendations for developing the project to the next stage; and
- The compilation of a Scoping Study level technical report.

1.2 Basis of the Technical Report

This report is based on information collected by SRK during site visits performed in January 2010 and January 2011 and on additional information provided by DESPL, and other information obtained from the public domain. SRK has not verified but has no reason to doubt the reliability of the information provided by DESPL.

This technical report is based on the following sources of information:

- Discussions with DESPL personnel;
- Inspection of the Ganajur Main project area, including drill core and chips;
- Exploration data collected by DESPL and a 3D geological model provided by DESPL;
- An in-house mining report prepared by DESPL;
- Metallurgical test work results and report prepared by ALS AMMTEC, Australia;
- A process flow sheet prepared by DESPL; and
- SRK's internal cost database for mining projects

1.3 Qualifications of SRK

SRK is part of an international group (the SRK Group) which comprises more than 1,400 staff, in 44 global offices, and offers expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues.

The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Mineral Experts Reports, Competent Persons' Reports, Independent Valuation Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. SRK also has specific experience in commissions of this nature.

The geological interpretation and the resource modelling work undertaken as part of this study were completed by Mr. Souvik Banerjee and Mr. Shameek Chattopadhyay under supervision of Dr. Jean-François Couture, P.Geo (APGO#0197). The geology and resources part of this report was compiled by Mr. Souvik Banerjee, Mr. Shameek Chatttopadhyay and Dr. Jean-François Couture. By virtue of his education, relevant work experience, and membership to a recognized professional association Dr. Jean-Francois Couture, P.Geo (APGO #0197), is an "Independent Competent Person" as this term is defined by the JORC Code.

Dr. Couture is a Corporate Consultant (Geology) with SRK Consulting (Canada) Inc. based at SRK's Toronto office and has been employed by SRK since 2001. He has been engaged in mineral exploration and mineral deposit studies since 1982. Since joining SRK, Dr. Couture has authored and co-authored independent technical reports on many exploration and mining projects worldwide. Dr. Couture visited the Ganajur Main project area on January 8 and 9, 2010.

Mr. Souvik Banerjee is a Senior Consultant Geologist with over nine years of research and industrial experience as a geologist. His experience covers planning and managing greenfield to brownfield exploration projects and technical evaluation of exploration and mining projects. His skills include management of exploration program, implementation and analysis of quality assurance and quality control programs, geological modelling, geostatistical analysis and mineral resource evaluation and resource modelling. He is currently based at SRK's office in Kolkata. Mr. Banerjee visited the Ganajur Main Project area on January 8 and 9, 2010 and again on January 13, 2011.

Mr.Shameek Chattopadhyay is a Senior Consultant Geologist with over nine years of experience in industry and consultancy. Shameek has a broad range of background, including planning and managing the exploration projects, geological modelling, geostatistical analysis, design of quality control programs, and resource estimation. He is currently based at SRK's office in Kolkata. Mr. Chattopadhyay visited the property on 13 January 2011

Other components of this report has had input from a team of consultants sourced from SRK home offices in India and the UK. These consultants are specialists in the fields of open-pit mining, geotechnical engineering, mineral processing, financial modelling and valuation.

Contributors to the report include Mr. B.N. Paul, P. Eng (FCC), Dr. John Willis, Principal Process Engineer (BE, PhD., MAusIMM), Mr Neil Marshall, Principal Geotechnical Engineer (CEng, MSc, MIoM3), Fiona Cessford , Principal Environmental Scientist (BSc, MSc, Pr.Sci.Nat.) and Subrato K. Ghosh, Principal Consultant with SRK.

The Competent Person (CP) who has supervised the production of this report is Dr Michael Armitage, MIMMM, CGeol, CEng, who is a full, time employee of SRK and the Chairman of SRK Group. Dr Armitage is a mining geologist with over 25 years experience in the mining industry and has been responsible for the reporting of resources and reserves on various properties internationally during the past 20 years.

1.4 Site Visit

Dr. Jean-Francois Couture, P.Geo (APGO#0197) and Mr. Souvik Banerjee visited the Ganajur Main project in the first week January 2010 prior to the preparation of the initial mineral resource statement. Dr. Mike Armitage (MIMM#46974), the senior reviewer for the scoping study, visited the Ganajur Main project along with Mr. Shameek Chattopadhyay and Mr. Souvik Banerjee on January 13, 2011. The purpose of the visits were to inspect the property and witness the extent of exploration work completed by DGML on the property. During the visits SRK examined rock outcrops, reclaimed trenches, location of several boreholes drilled by DGML, and reviewed archived drill core. During the 2010 visit, SRK collected five verification samples for independent assaying.

1.5 Declaration

SRK's opinion regarding the Company's resources is effective **August 31 2011**, and is based on information provided to SRK by DESPL throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report includes technical information that may require subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of DESPL, and neither SRK nor any affiliate has acted as advisor to DESPL or its affiliates in connection with this project. The results of the scoping study and preliminary economic assessment by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

2 Reliance on other Experts

SRK has not researched ownership information such as property title and mineral rights and has relied on information provided by DESPL as to the actual status of the mineral titles.

SRK was informed by DESPL that there are no known litigations potentially affecting the Ganajur Main project.

SRK's scope of work did not encompass environmental aspects and as such, no verification was conducted by SRK and no opinion is expressed regarding the environmental aspects of the Project.

3 Property Description and Location

3.1 Land Tenure

The land tenure information presented herein is derived from communication with DESPL personnel. The Ganajur Main project comprises two overlapping tenements (Figure 3-1) situated near Ganajur village in Haveri Taluk and District of Karnataka State: a Prospecting License ("PL"), covering an area of 2.2 square km and initially granted to DESPL, formally known as Indophil Resources Exploration Services (India) Private Limited, for gold and associated minerals on September 10, 2010 by the Government of Karnataka for a period of three years; and an applied Mine Lease ("ML") covering an area of 0.29 square km (Table 3-1). The ML was applied for on June 8, 2006 to the Government of Karnataka for extraction of gold over a period of thirty years. DESPL expects to receive the mining license within Q2 2012.

Table 3-1 : Ganajur Main Tenement Information

Concession	Issued date	Expiry Date	Area (km^2)	Ownership
Ganajur-Karajgi Prospecting Licence	10-Sep-09	Three years from date of execution	2.2	DESPL (DGML)
Ganajur Mine Lease	Applied in 2006	-	0.29	DESPL (DGML)

The PL covers the Ganajur Main gold prospect as well as a few surrounding discoveries and overlaps part of the applied for ML. The ML covers only the Ganajur Main prospect and extends further northwesterly beyond the PL. The land within both the PL and ML is agricultural in character. The Karajgi Reserve Forest is situated to the south-east of the PL (Figure 3-1). The PL was approved by the Ministry of Mines on December 22, 2008 vide letter No.4/6/2008-M.IV and granted by the State Government of Karnataka through a notification No.CI.157:MMM.2005 dated September 10, 2009.

The boundaries of the ML are listed in Table 3-2 and shown in Figure 3-1. The boundary corners are not marked on the ground. SRK understands that the perimeter and boundary corners of the granted PL and the applied ML have not been surveyed; but are marked on Survey of India Toposheet as required by the Government of India.

Table 3-2 : Location* of Corner Points of the Ganajur Main Prospect

Corner	UTM Zone	Easting (m)	Northing (m)
A	43	544,333.23	1,639,607.60
B	43	543,525.41	1,640,027.60
C	43	543,676.68	1,640,318.20
D	43	544,487.60	1,639,903.39
* UTM Projection Everest Datum, Zone 43N			

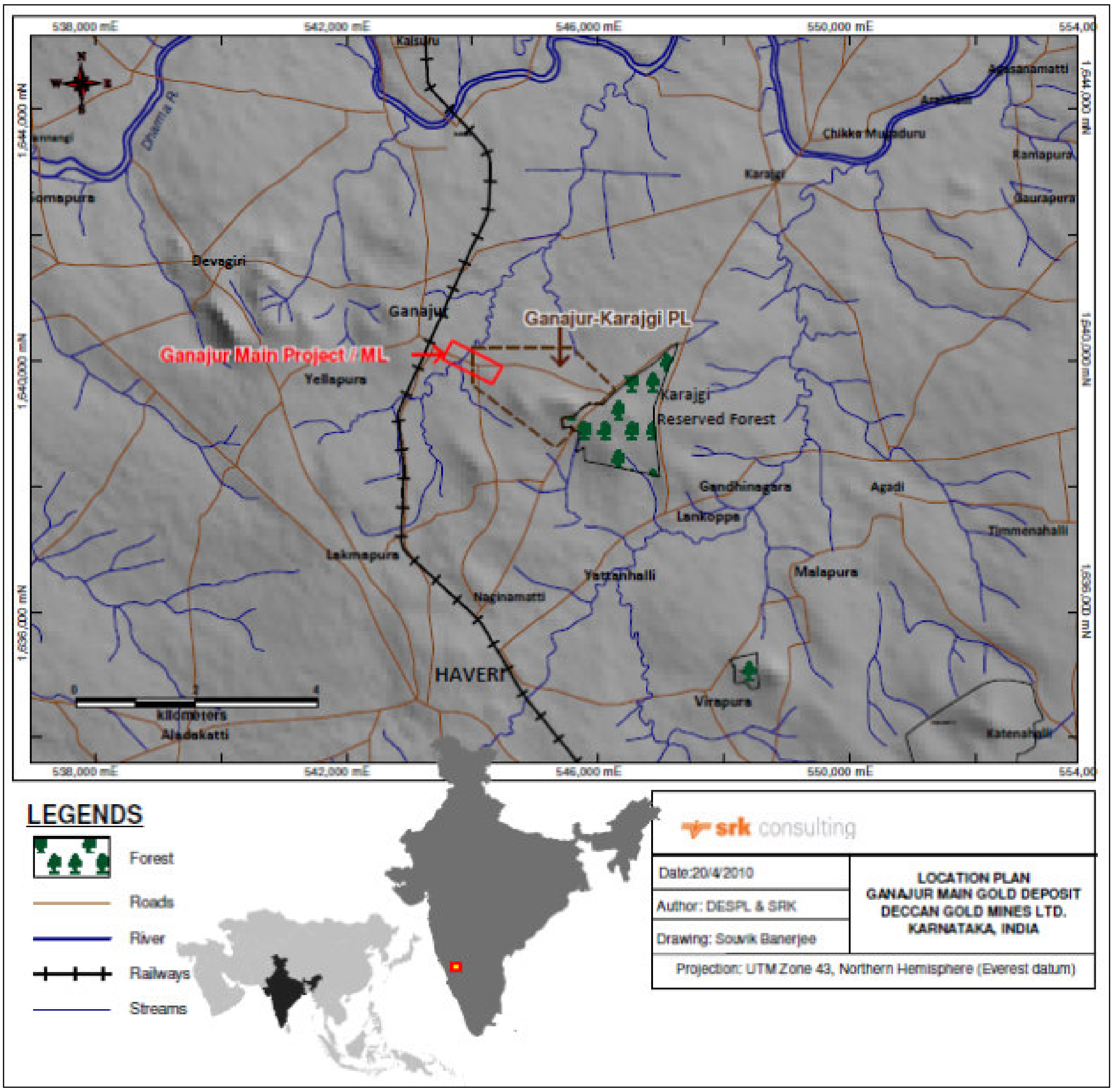


Figure 3-1: Location Map of the Ganajur Main Prospect. Background DTM is derived from SRTM data.

3.2 Legal Aspects

The Ganajur Main property is subject to the regulations of the Mines & Minerals (Regulation & Development) Act, 1957, the Mineral Concession Rules, 1960 (as amended in 2001), and the Mineral Conservation and Development Rules, 1988 of India.

3.3 Environmental Considerations

At this stage SRK is not aware of any environmental issues that need special attention. Study and documentation of the effect of mining on the environment and precautionary measures is a statutory procedure following a grant of a ML in India.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Ganajur Main prospect is located in the north-western part of Karnataka state. The area is generally a gently undulating plain with few northwest-southeast trending small ridges. The average elevation difference is in the order of 50 to 60 m and the landmass of the area is situated between the elevations of 515 to 570 m above mean sea level (msl). The general slope in the area is in northeast direction (Figure 4-1).

The Tungabhadra River, which is around 30 km to the east of the project and flows along the eastern border of the Haveri district is the only perennial river in the area. The Varada and Kumudvati rivers are major tributaries of Tungabhadra and the Dharma River, a major tributary of Varada, drains the district. All the rivers in the surrounding area together with their tributaries exhibit dendretic drainage patterns and are a part of the Krishna main basin.

The main crops grown in the district are jowar, maize, cotton, chilly, paddy, ragi, pulses, groundnut, horse gram, sugarcane and sunflower. The area is well irrigated by canals, dug wells and tube/bore wells.

The area enjoys a sub tropical climate with temperatures ranging between 18 and 40 degrees centigrade. The rainfall varies in the region from over 903 mm in west (Hanagal) to less than 592 mm in east (Ranebennur). October is the wettest month with normal monthly rainfall in all hydro meteorological stations recorded in excess of 100 mm.

The Project is well connected by road and rail and has a reasonably established infrastructure in place. Ganajur Main prospect is located five km north of Haveri town (Figure 3-1) in Haveri District of Karnataka state on the National Highway-4, connecting Bangalore and Pune and 1.5 km south east of Ganajur village. Haveri is around 350 km from Bangalore and 80 km south of Dharwar. Karajgi (3 km from the prospect) and Haveri (5 km) are the nearest railway stations on the Bangalore-Mumbai broad gauge railway.

Figure 4-1: Typical Landscape in the Ganajur Main Project Area. A. Typical landscape looking north. B. On the southwest border of the tenement. C. On the old workings of Karajgi Block 3. D. On the exposure of auriferous banded sulphidic chert.

5 History

5.1 General History

The area surrounding the Ganajur Main prospect is known for ancient gold mining. Particularly, the adjacent Karajgi block (another gold prospect within the Ganajur-Karajgi PL), where evidence of old workings exist. Ancient shafts, adits, waste dumps and pounding marks are still found to indicate old mining activities. The Geological Survey of India has reported gold mineralization in the Karajgi and Lakkikoppa areas in Haveri and Hanagal taluks.

The Ganajur Main prospect and the surrounding prospects, however, are the discoveries of DESPL and no previous exploration is reported.

5.2 Historic Resource Estimation

No historical resource estimation is available for the Ganajur Main deposit.

5.3 Work by DESPL

DESPL, under the Hanagal Reconnaissance Permit (“RP”) awarded by the Ministry of Mines, Government of India in 2002, for 1,542 square km covering the Ganajur Main prospect, carried out initial exploration. This reconnaissance campaign included surface geological mapping, regional geochemical study of stream sediments and rock chips, channel sampling, limited Reverse Circulation (“RC”) Drilling and Down the hole Hammer Drilling (“DTH”). This exploratory work helped to identify several gold bearing prospects designated as Ganajur Main, South, South East, Central prospects, Karajgi Main, Karajgi East and Hut prospects in the Ganajur-Karajgi area which are now included within the Ganajur-Karajgi Prospecting License.

Later DESPL explored the Ganajur Main prospect further with surface channeling, infill RC and diamond drilling.

6 Geological Setting

6.1 Regional Geology

The Ganajur Main deposit falls within the broad geological domain of the Dharwar Craton. This Late Archaean craton of Southern India comprises two suites of basement gneisses providing platform for an older and a younger greenstone province and several granitic intrusions. The northern margin of the craton is concealed under younger sedimentary rocks and the Deccan Traps. To the east, Meso-Neoproterozoic Cuddapah basin overlies the Dharwar rocks, and to the south, it is bounded by Neoproterozoic Southern Granulite Terrain. The Dharwar Craton is divided into two parts: the Western Dharwar Craton (“WDC”) and the Eastern Dharwar Craton (“EDC”) (Naqvi and Rogers, 1987). The cratons are separated by the Chitradurga Shear Zone. The Project is located in the WDC.

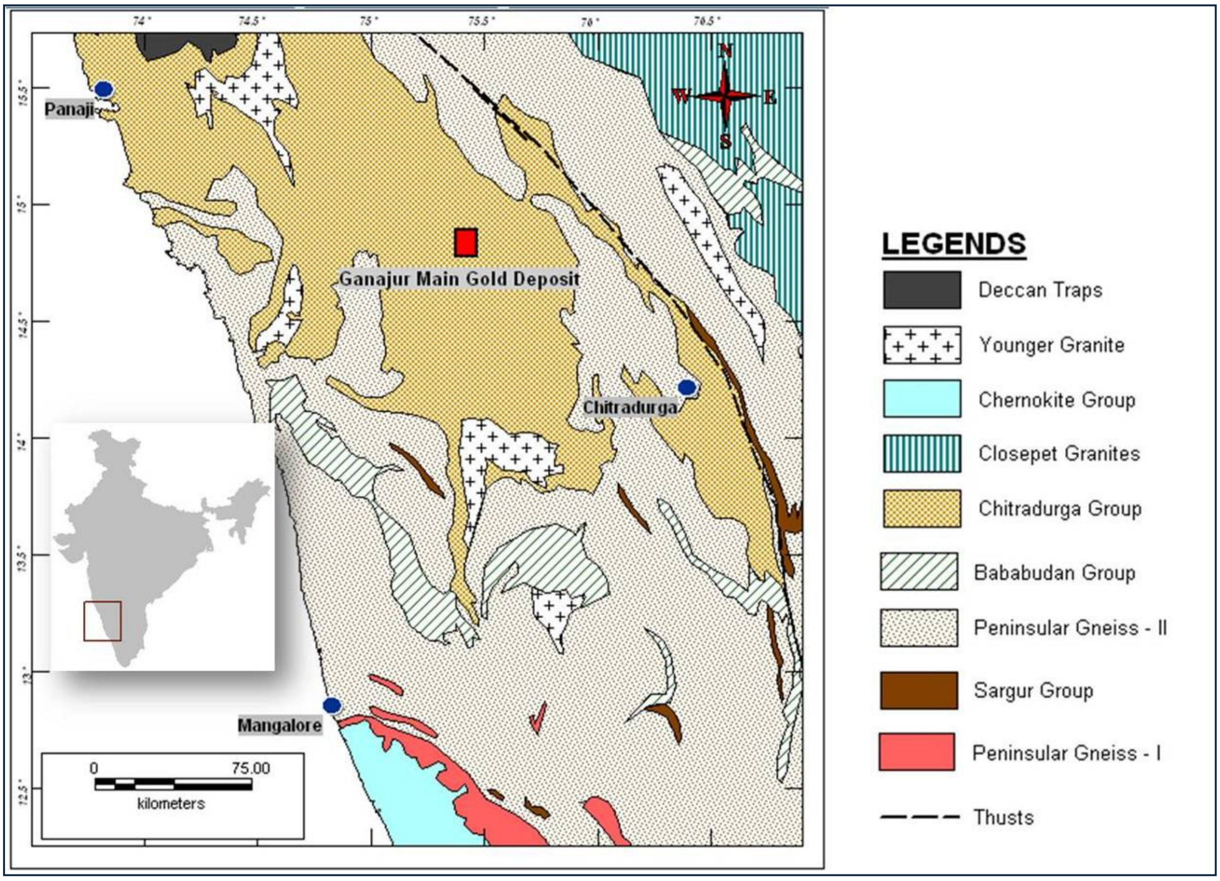


Figure 6-1: Simplified Geology of the Western Dharwar Craton (after Swaminath and Ramakrishnan, 1981)

In the WDC, the dominant basement rocks comprise tonalite-trondhjemite-granodiorite gneisses that are collectively known as Peninsular Gneiss and include tracts of older tonalitic gneisses of 3.4-3.3 Ga (Sharma, 2009) and enclaves of metavolcanic and metasedimentary rocks of Sargur Group of 3.2-3.0 Ga (Figure 6-1). The older tonalitic gneisses, referred as the Peninsular-I (Balasubrahmanyan, 2006), served as the basement for the Sargur rocks. The younger tonalite-trondhjemite-granodiorite rocks are referred to as the Peninsular Gneiss-II.

The other dominant rock units in the WDC are the N-S trending linear greenstones belts unconformably overlying the Peninsular Gneiss. These greenstone belts are collectively called as the Dharwar Schist Belts and grouped as the Dharwar Supergroup. The greenstone rocks are mainly voluminous basalt with subordinate fine clastic and chemical sedimentary rock and at places associate basal conglomerate, shallow water clastic and shelf sedimentary rock. The belts in the WDC are typically mature, sediment-dominated with subordinate amount of volcanism (Sharma, 2009). Chadwick (1992) suggesting a mixed-mode basin development in a back-arc or active continental margin setting. The rocks are metamorphosed in intermediate pressure (the kyanite-sillimanite Barrovian zone) (Sharma, 2009). There is general increase of metamorphic grade from north to south within the schist belts. The contact between the greenstone rocks and the basement is marked by an angular unconformity. The main Dharwar schist belts of WDC are: 1. Shimoga-Bababudan and 2. Chitradurga. These belts comprise several smaller belts detached by the Peninsular Gneiss. Both the Peninsular Gneiss and the Dharwar Supergroup have been intruded by younger potassic granites of 2.6-2.5 Ga (Swaminath and Ramakrishnan, 1981).

6.2 Local Geology

The Ganajur Main gold deposit occurs within the Ranibennur Group of the late Archaean Dharwar-Shimoga (or the Shimoga) greenstone belt. The Shimoga Schist Belt is a large (25,000 square km) NW trending belt surrounded by the Peninsular Gneiss. The contact between these basement gneisses and the schist belt is observed as a zone of high grade metamorphism. Granitioid intrusions are present in the north of the belt. This schist belt comprises mainly basal conglomerate, carbonates, manganiferous dolomite, ferruginous chert, chlorite schists overlain by basic metavolcanic rock, greywacke and exhalative chert (Balasubrahmanyan, 2006). The lithological variation within the schist belt is attributed to different rate of basin subsidence and upliftment. Chadwick et al (1992) proposed three stages of basin development and the final stage is characterized by widespread deposition of relatively thin iron formations followed by thick fine grained greywacke with intercalations of chert and volcanic rock as seen in the Ranibennur Formation.

The Shimoga belt contains banded cherty iron formation fragments within a vast mass of greywacke. The iron formation towards west is magnetite bearing whereas the eastern part is of sulphide facies containing mainly pyrite and arsenopyrite. The sulphide facies iron formation is auriferous and the Shimoga schist belt has been known for ancient artisanal gold mining (e.g. Chinmulgund and Karajgi), which have been explored by Geological Survey of India. The regional trend of bedding and foliation are parallel and vary from NW to WNW with steep Northeasterly dips. The rocks were subjected to polyphase deformation.

6.3 Property Geology

The Ganajur Main prospect is hosted dominantly by greywacke and inter-bedded banded auriferous banded ferruginous chert (the banded iron formation), which are the part of the greenstone belt (Figure 6-2). This ferruginous chert is characteristic of sulphide facies, as pyrite, arsenopyrite and chalcopyrite occur as significant component. Gold mineralization, occurring as disseminations and fine veinlets, demonstrates close association with the strong sulphidation. Mineralization is mainly stratabound and dominantly confined to the sulphide facies banded iron formation.

The general strike direction of the banded sulphidic chert varies between N40 to 60 degrees W and dips at 35 to 50 degrees towards NE. The limited surface data suggest that the rocks within the prospect are part of a northwesterly plunging regional antiformal structure. The sulphidic chert on the surface shows strong brecciation, and alteration (presence of gossans, limonite and goethite) with plenty of pyrite box-works.

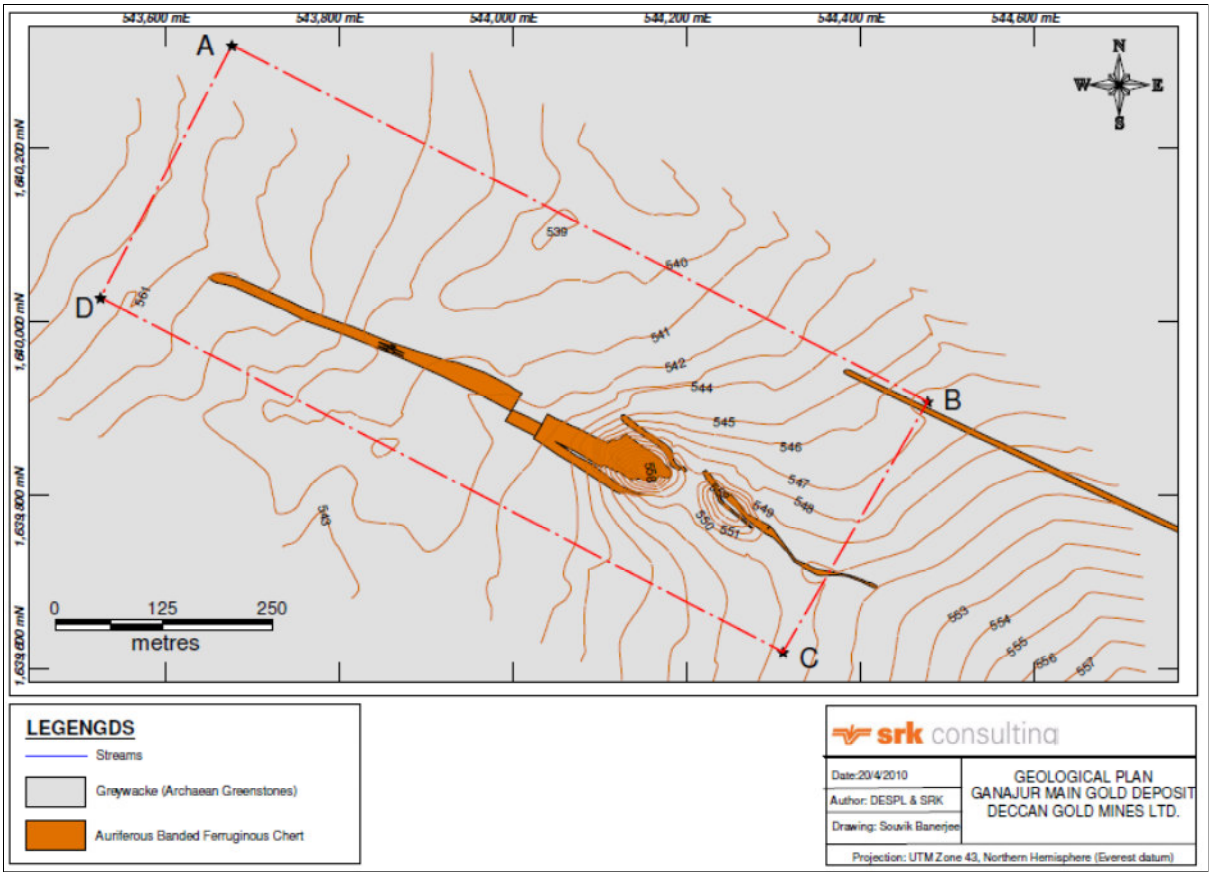


Figure 6-2: Geological Map of the Ganajur Main Prospect and Surrounding Area.

7 Deposit Types and Mineralization

The gold mineralization in the Ganajur Main deposit is associated with a deformed iron formation hosted by a polydeformed paragneiss sequence. The gold mineralization is characterized by strong sulphide mineralization, silica breccia and minor quartz veining developed within a sulphidic chert unit. The gold mineralization is epigenetic in nature but stratabound being confined to the cherty iron formation. The main gold zones form a moderately to steeply dipping tabular body trending northwest to north-northwest and dipping northeast. Fractures are filled with remobilized silica or quartz carbonate veinlets. The amount of gold is directly proportional to the amount of sulphides. Mineralization dominantly occurs as disseminations with a small amount in fine veinlets.

From surface mapping and channels, a strike length of 600 m with a maximum thickness of around 40 m was interpreted for mineralized sulphidic chert within the prospect area. The subsequent subsurface geological model showed considerable thickness variation along strike.

8 Exploration

DESPL was the first agency to investigate the potential for gold mineralization within the sulphidic chert in the Ganajur Main prospect, although there are certain evidences of ancient mining activities notably in the nearby Karajgi block and GSI has also reported occurrences of gold in the surrounding areas of Karajgi and Lakkikoppa in Haveri and Hangal taluks respectively.

After the grant of the Hanagal RP, DESPL initiated exploration work covering the Ganajur Main prospect in 2004. The work included surface geological mapping, regional geochemical study of stream sediments and rock chips, channel sampling, limited reverse circulation (“RC”) and core drilling. DESPL continued the exploration with focus on the Ganajur Main prospect. This detailed exploration stage incorporated more in-fill RC and core holes. DESPL also carried out a ground magnetic survey on the Ganajur Main and other adjacent prospect.

In 2004, DESPL prepared a surface geological map at a scale of 1:1,000 covering all the prospects within the Ganajur-Karjgi PL. Linear tracts of the gold-bearing ferruginous chert were mapped with aid of limited exposures and surface channelling.

DESPL, in 2004, excavated 43 channels and sank a total 12 DTH drill holes (for a total of 649 m). In between 2005 and 2009, DESPL drilled 22 RC holes (1,219 m), then a further 10 core holes (763.5 m) in 2009 in the Ganajur Main prospect and finally a further 23 core holes (for 1739.8 m) in 2010 in a step-out and in-fill drilling programme. DESPL engaged M/S South West Pinnacle of Gurgaon in India for the core drilling. Core recovery for the holes was close to 100 percent and core was logged for lithology, structural and geotechnical information. Portions of DTH cuttings and RC chips and half core of the diamond holes were sampled and sent for analysis. The channel and the DTH samples were analyzed for gold and arsenic; the RC samples were analyzed only for gold; and the core samples were assayed for gold, silver, arsenic, copper, lead, zinc and iron.

9 Drilling and Channel Sampling

9.1 Historical Drilling

The prospect does not have any history of exploratory drilling.

9.2 Channel Sampling by DESPL

In the initial phase of exploration during 2004, DESPL excavated 43 channels (737 m) to confirm the potential of gold mineralization and the behaviour of the auriferous sulphidic chert under soil. Channel cutting was carried out across the strike of the sulphidic chert rock on the surface. The channels were surveyed using handheld GPS and compass.

9.3 Drilling by DESPL

In 2004, DESPL initiated the drilling campaign by sinking 12 DTH core holes (a total of 649 m) after the surface geological mapping and surface channeling. DESPL engaged Mining Associates Private Ltd. of Asansol in India for this phase of drilling and the equipment used comprised KLR rig and compressor. This phase of drilling was designed to test the depth potential of the gold mineralization over a strike length interpreted from the mapping and channeling. Drill hole collars were surveyed using total station before and after drilling and holes were oriented on the ground with help of a compass. The drill holes were oriented towards southwest at an inclination of 52 to 60 degrees. Holes were not surveyed for downhole deviation. The recovered cuttings/chips were logged for lithological information.

The RC drilling program was carried out in two phases in 2005 and 2009 respectively and comprised 22 RC holes totalling 1,219 m of drilling. In 2005, DESPL used its own SPARR (of Sparr Engineering, Bangalore) rig while the drilling in 2009 was undertaken by APC Drilling and Construction of Namakkal, India using JCR Drillsol drilling equipment and compressor. Rig alignment was done using compass and drill collars were subsequently surveyed using a total station. All the holes were oriented towards southwest with inclinations varying from 45 to 60 degrees. The holes were not surveyed for downhole deviation of azimuth and inclination. The recovered chips were logged over every one metre interval of drill run. The logging information included broad lithology, mineralogical composition, grain size, colour, texture, percentage of sulphides and degree of alteration. Panning was also carried out for every alternate sample or of those selected on the basis of examination of rock-chips. The heavy mineral pan concentrate was observed for presence of gold, sulphides or any other heavy mineral and the same was recorded in the log book.

Following the RC drilling, DESPL commenced core drilling in 2009. The drilling contract was awarded to South West Pinnacle Exploration Pvt. Ltd. of Gurgaon in India who used a Boart Longyear DB 520 core rig and HQ3 and NQ3 equipment. During the 2009 drilling programme, 10 core holes (763.5 m) were drilled. In 2010, after the publication of the initial mineral resource statement, an additional 23 core holes (1,739.8 m) were completed following the recommendations expressed by SRK. Core recovery was close to 100 percent. Rig alignment for the core holes was done by compass and collars were subsequently surveyed with a total station. All core drill holes were surveyed for downhole deviation using a Reflex single-shot camera at drill intervals of 18 or 24 m. Cores were also oriented for every drill run using an ACT core orientation tool. The hole collars, after completion of drilling, were plugged by concrete with hole number engraved on it. Collars were surveyed again to identify possible change in location. The cores were logged for lithological, structural and geotechnical information. Geotechnical logging was carried out at the drill site before transportation to the core yard and included description of RQD percent, percentage of core recovery, estimation of rock strength and qualitative amount of weathering. Lithological and structural descriptions for each drill run were recorded separately. For some of the drill intervals, with the help of oriented cores, structural measurements were done with true orientation in space.

Figure 9-1 shows the location of the drill holes and channels within the Ganajur Main prospect.

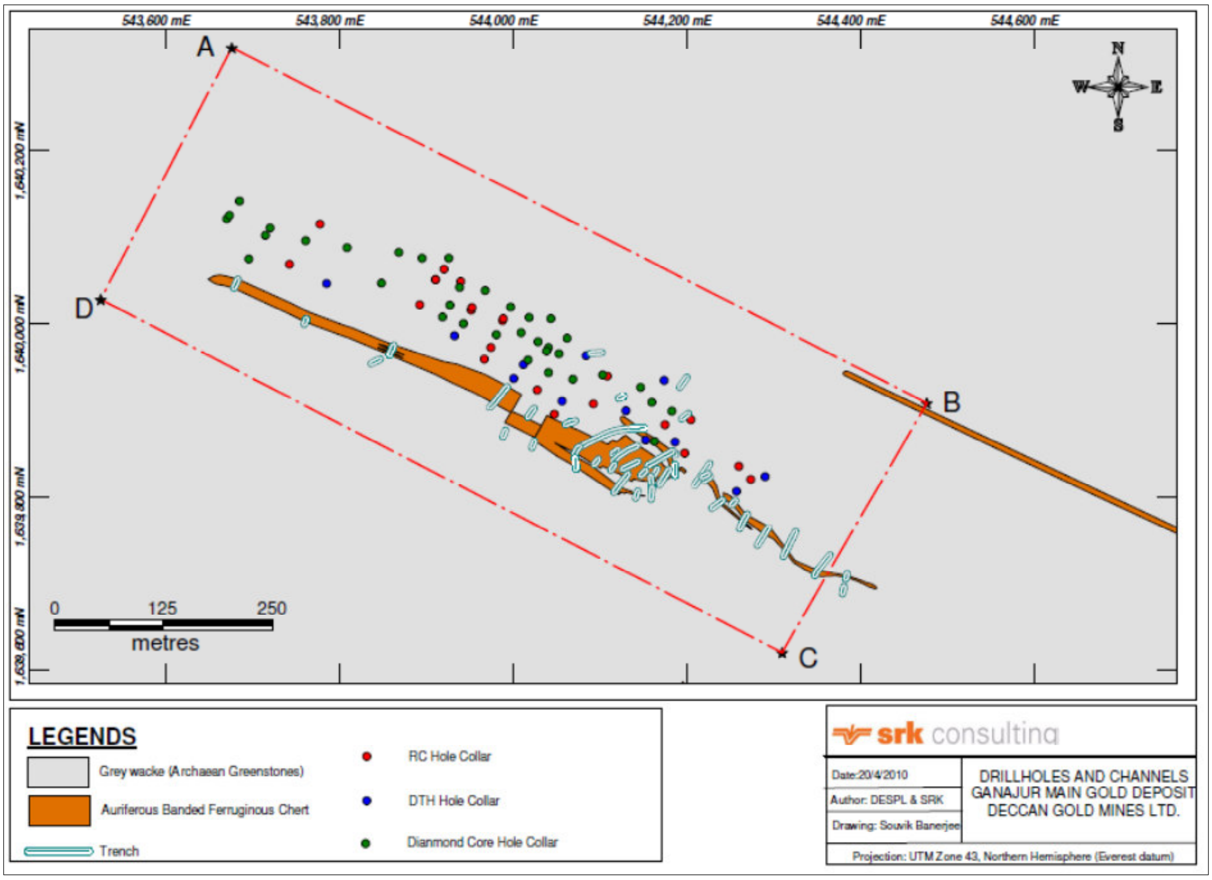


Figure 9-1: Generalized Map Showing Drill Hole and Channel Locations.

10 Sampling Approach and Methodology

10.1 Historical Sampling

There was no exploration of the Ganajur Main prospect prior to that undertaken by DESPL.

10.2 Sampling by DESPL

10.2.1 Channel Samples

The channel samples were collected using chisel and hammer. DESPL collected total 380 samples predominantly at a one metre interval. The channel samples were reduced using a riffle split and packed in pre-numbered durable polythene packets before being shipped to the laboratory for assaying.

10.2.2 DTH and RC Chip Samples

At each drill site a facility for sample splitting, chip logging and panning of samples was established. Throughout these phases of drilling, DTH and RC samples were collected at one metre intervals. In the case of RC samples, each sample was collected in a large numbered and ticketed plastic bag, which was held underneath the cyclone spigot. Each sample was then weighed and the weight noted on a “Sample Record Sheet,” In case of wet drilling, chips were collected in a plastic bag. The wet chips were put into process to drain excess water and dry and then bagged. Dry samples, generally weighing between 20 to 25 kg were reduced splitting using a Jones riffle splitter to about 2.5 kg and placed in pre-numbered sample bags for dispatch to the assay laboratory. The remaining materials were then re-bagged and kept for further record. The drilling obtained broken rock ranging from silt size up to angular chips a few cm across. The chips were washed to remove dust and used to collect lithological information.

10.2.3 Core Drilling Samples

Following the detailed lithological, structural and geotechnical logging, the mineralized zones were delineated. Sample intervals of 0.5 m for mineralized zones and 1.0 m for non-mineralized zones were marked on the cores. A line for sawing was marked on the cores after fixing the sample intervals. Cores were sawed into halves using a mechanical saw with each half replicating the other. One half was sampled and the other one was archived for future reference. Each sample was given a number by using Docket number book and the samples were collected in the pre-numbered cloth bags. Brief descriptions of the sample such as width, weight, and rock type were recorded in the docket book and sampling record book.

11 Sample Preparation, Analyses and Security

11.1 Historical Samples

No record of any historical sampling and analysis is available.

11.2 DESPL Samples

DESPL used standard documented procedures for all aspects of the field sampling, sample description, handling, and preparation for dispatch to the assay laboratory. The samples were sealed in tough polyurethane bags and dispatched through a courier service to the laboratory in Bangalore. Along with the samples, the sample dispatch sheet and other documents were also couriered to the laboratory

DESPL used one primary laboratory for assaying all samples collected from the Ganajur Main gold deposit. All the channel samples, DTH cuttings, RC chips and core samples were assayed by Shiva Analyticals (India) Ltd. ("SHIVA"), Bangalore, India. The management system of the SHIVA laboratory is accredited ISO 9001 by the Bureau of Indian Standards. The laboratory is also accredited ISO/IEC 17025 by the National Accreditation Board of India for certain specific testing procedures including the procedures used to prepare and assay the samples submitted by DESPL. DESPL submitted a total 380 channel samples, 351 DTH chip samples, 393 RC chip samples and 1,268 core samples. The channel and the DTH samples were analyzed for gold and arsenic; the RC samples were analyzed only for gold; and the core samples were assayed for gold, silver, arsenic, copper, lead, zinc and iron.

DESPL also used the SGS laboratory in Chennai, India as a secondary umpire laboratory for check assaying. This laboratory is part of the SGS Group and operates under a management system that is accredited ISO 9001 by the Bureau of Indian Standards.

Upon receipt, the samples were organized in numerical order and subdivided into batches and laboratory quality control samples were inserted. DESPL submitted the riffle split chips and half cores to SHIVA; and the samples were prepared in SHIVA laboratory by jaw crushing, pulverizing and splitting. SHIVA has a documented procedure for sample preparation and DESPL reviewed that before sending the samples. Every sample was assayed for gold using conventional fire assay and atomic absorption finish. Core samples were also assayed for silver, copper, lead, zinc and arsenic by aqua regia digestion followed by ICP-optical emission spectroscopy ("ICP-OES").

11.3 Quality Assurance and Quality Control Programs

Quality Control measures are typically set in place to ensure the reliability and trustworthiness of exploration data. This includes written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management and database integrity. Appropriate documentation of quality control measures and regular analysis of quality control data are important as a safeguard for project data and form the basis for the quality assurance program implemented during exploration.

Analytical control measures typically involve internal and external laboratory control measures implemented to monitor the precision and accuracy of the sampling, preparation and assaying. They are also important to prevent sample mix-up and monitor the voluntary or inadvertent contamination of samples. Assaying protocols typically involve regular duplicate and replicate assays and insertion of quality control samples to monitor the reliability of assaying results throughout the sampling and assaying process. Check assaying is typically performed as an additional reliability test of assaying results. This typically involves re-assaying a set number of sample rejects and pulps at a secondary umpire laboratory.

The exploration work conducted by DESPL, was carried out using a quality assurance and quality control program meeting industry practices. Written procedures were used in all aspects of the exploration data acquisition and management including mapping, surveying, drilling, sampling, sample security and assaying.

Until 2009 DESPL relied entirely on analytical quality control procedures implemented by the accredited SHIVA laboratory, which included the use of control samples in all batches of samples submitted by DESPL (5% Certified Reference Materials, 1% Blank and 10% Repeat Analysis). Assay results of internal quality control samples were submitted by SHIVA and reviewed by DESPL to monitor the performances of the laboratory.

External analytical quality control measures were introduced in 2009 for the core drilling programme. This included the use of control samples (field blank and standards) introduced into the batches of samples submitted for preparation and assaying.

The field blank sample was composed of “barren” granite. A total of 34 blanks were inserted and assayed. DESPL prepared its own field a standard using the 145 pulp rejects from different projects. These samples were composited into 10 groups based on their gold grades and geological terrain. After homogenisation the weighted average of each composite sample was computed. Although the project specific control samples are not certified through round robin assaying, they are appropriate control samples to monitor the analytical error. DESPL used 7 different field standards altogether and maximum number repeat analysis of a single standard was 12. Together with the Field Standard, DESPL also used two Certified Reference Materials procured from Rock Labs Ltd. in New Zealand, at similar frequency. The characteristics of the Standards used by DESPL are summarised in Table 11-1.

Table 11-1 : Details of the Standards Used by DESPL

Standard	Source	Mean	Standard Deviation
SL46	Rock Labs	0.606	0.017
SE44	Rock Labs	5.867	0.17
87302	Field Prepared	0.99	0.117
87303	Field Prepared	0.09	0.018
87304	Field Prepared	0.14	0.039
87305	Field Prepared	3.97	0.031
87307	Field Prepared	0.12	0.013
87308	Field Prepared	0.64	0.046
87310	Field Prepared	0.94	0.158

In addition to these, during the 2010 core drilling campaign, DESPL also submitted a randomly selected suite of pulp rejects from SHIVA to the SGS Laboratory in Chennai, India for check assaying. A total of 40 sample pulps prepared by SHIVA from the 2010 core drilling programme, representing approximately 5% of the core samples, were assayed by SGS.

In general, the analytical quality control programme developed by DESPL, particularly for the 2010 core drilling programme, meets with the industry best practice guideline. SRK is however of the opinion that the analytical quality control measures can be further improved. SRK recommends the introduction of Field Duplicate samples (1 in every 20 samples) to monitor the sampling error and increasing the rate of use of the control samples (CRMs and Field Blanks) to 1 in every 20 samples. DESPL should also monitor the performance of the quality control samples on an going basis to identify quickly any analytical issues. Potential quality control failures should be quickly investigated to take appropriate corrective measures such as requesting re-assaying of complete batches of samples, when necessary.

12 Data Verification

12.1 Verification by DESPL

All exploration work was conducted by DESPL personnel. DESPL implemented a series of routine verifications to ensure the collection of reliable exploration data. All work is conducted by appropriately qualified personnel under the supervision of qualified geologists. In the opinion of SRK, the field procedures generally meet industry practices.

Field data is recorded on paper and subsequently transferred to digital support and verified for consistency. All the data are organized into a single Datamine database. The database is organized and validated by a database manager at the Bangalore office. Mapping graphic data is recorded on paper and subsequently digitized into Mapinfo and AutoCad drawings. All graphic information is subsequently verified by a qualified geologist.

Sample shipments and assay deliveries are routinely monitored as produced by the assaying laboratory. Assay results for quality control data are aggregated into a quality control spreadsheet to facilitate analysis.

12.2 Verification by SRK

12.2.1 Site Visit

Dr. Jean-Francois Couture, P.Geo (APGO#0197) and Mr. Souvik Banerjee visited the Ganajur Main project on January 8 and 9 in 2010 prior to the preparation of the initial mineral resource statement. Mr. Souvik Banerjee, Mr. Shameek Chattopadhyay and Dr. Mike Armitage (MIMM#46974), conducted an additional site visit on January 13, 2011. The purpose of these visits was to inspect the property and witness the extent of exploration work completed by DGML. During this visits, SRK examined rock outcrops, reclaimed trenches, confirmed the location of several boreholes drilled by DGML and reviewed archived drill core. During the 2010 visit, SRK collected five verification samples for independent assaying.

During the visit, SRK inspected several abandoned drilling sites. The borehole collars are clearly marked by a concrete plug engraved with the borehole number and grid position.

While on site, SRK interviewed project personnel regarding the exploration strategy and field procedures. SRK also examined drill core from four boreholes (GMC-3, GMC-7, GMC-8,GMC-10, and GMC-20) that have intersected the auriferous sulphidic chert.

12.2.2 Verification of Quality Control Data

SRK was provided with DESPL's analytical quality control data in the form of a Microsoft Excel spreadsheet aggregating the assay results for the quality control samples. SRK re-compiled the assay results for the external quality control samples for further analysis. Sample blanks and standards data were summarised on time series plots to highlight the performance of the control samples. Paired data (pulp replicate and umpire check assays) were analysed using bias charts, quantile-quantile and relative precision plots. The analytical quality control data produced by DESPL are summarised in Table 12-1 and presented in graphical format in Appendix C.

Table 12-1 : Summary of Analytical Quality Control Data Produced by DESPL

Sampling Programme		Trench	(%)	DTH/RC	(%)	DDH	(%)	Total	(%)	Comment
Sample		380		744		1,279		2,403		
Field Blanks		-	0%	-	0.00%	34	2.70%	34	1.40%	Field Prepared
Standard		-	0%	-	0.00%	83	6.50%	83	3.50%	
	SL46	-		-		19		19		Rock Labs (0.606 Au)
	SE44	-		-		16		16		Rock Labs (5.867 Au)
	87302	-		-		11		11		Field Prepared (0.99 Au)
	87303	-		-		12		12		Field Prepared (0.09 Au)
	87304	-		-		1		1		Field Prepared (0.14 Au)
	87305	-		-		6		6		Field Prepared (3.97 Au)
	87307	-		-		11		11		Field Prepared (0.12 Au)
	87308	-		-		5		5		Field Prepared (0.64 Au)
	87310	-		-		2		2		Field Prepared (0.94 Au)
Total QC Samples (Shiva)		-	0%	-	0.00%	117	9.10%	117	4.90%	
Lab Repeat (Shiva)		-	0%	65	8.70%	122	9.50%	187	7.80%	
Check Assay (SGS)		-	0%	-	0.00%	40	3.10%	40	1.70%	

SRK conducted a series of routine verifications to ensure the reliability of the electronic data provided by DESPL. These verifications included auditing the electronic data against original records. Approximately ten percent of the assay data were audited for accuracy against assay certificates. No data entry errors were noted. In the opinion of SRK, the electronic data is reliable and free of material data entry errors.

Inspection of time series for field blank samples indicates that the performance of SHIVA is acceptable, 9 samples returned with gold values above the detection limit.

SRK analysed the results of two certified standards on time series plots to monitor analytical bias and abnormal assay batches. There is insufficient data for the Field standards to compile meaningful time series plots. The time series plots for two Certified Standards indicate that 62.5% of the SE44 and 63.2% of the SL46 results are outside of two standard deviation limit, suggesting that SHIVA has difficulties in assaying accurately the two control samples. In addition, both control samples suggest a slight negative bias, SHIVA delivering lower results.

Pulp Replicate paired assay data from SHIVA were examined by SRK. Gold values can be reasonably reproduced by SHIVA from the same pulp. Rank half absolute difference ("HARD") plots suggest that 79% of the RC replicate assay samples have HARD below ten percent. Similarly, 91% of the 2009 and 2010 core replicate samples are below ten percent

HARD. In general, however, the reproducibility is poor nearing the detection limits, as expected.

Umpire laboratory check assay pairs were also examined by SRK. Ranked HARD plots suggest that 85% of the pulp check assay pairs have HARD below ten percent indicating that SGS was able to reasonably reproduce the gold values reported by SHIVA, with no apparent bias between the two laboratories.

In the opinion of SRK, the analytical results delivered by SHIVA are sufficiently reliable for the purpose of resource estimation.

13 Adjacent Properties

There are no adjacent properties that are considered relevant to this technical report.

14 Mineral Resource and Mineral Reserve Estimates

14.1 Introduction

The Mineral Resource estimate presented herein is the second estimate prepared for the Ganajur Main gold deposit. An initial mineral resource statement was prepared by SRK during the first quarter of 2010, based on sampling information available to the end of 2009. That mineral resource statement was disclosed publically by DGML on March 30, 2010.

During 2010, DGML carried out additional in-fill and step-out core drilling. The mineral resource statement documented herein supersedes the previous statement and considers sampling information available as of July 15, 2011.

The mineral resource statement was prepared in accordance with the JORC Code. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve. The geological modelling work and mineral resources were estimated and classified by Mr. Souvik Banerjee and Mr. Shameek Chattopadhyay of SRK under the supervision of Dr. Jean-Francois Couture, P.Geo (APGO #0197), the “Independent Competent Person” as this term is defined by the JORC code. The effective date of this resource estimate is August 31, 2011.

This section describes the work undertaken by SRK and key assumptions and parameters used to prepare an updated mineral resource model for the Ganajur Main prospect together with appropriate commentary regarding the merits and possible limitations of such assumptions.

In the opinion of SRK, the block model resource estimate and resource classification reported herein are a reasonable representation of the global gold resources found in the Ganajur Main deposit at the current level of sampling.

The database used to estimate the Ganajur Main Mineral Resources was audited by SRK. The mineralization boundaries used to constrain grade estimation were modelled by DESPL using a geological interpretation of the drilling and surface sampling data and reviewed and accepted by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries of the gold mineralization and that the assaying data is sufficiently reliable to support estimating Mineral Resources.

The generation of mineralization solids, topography, statistical analysis, variography and resource estimation was completed by SRK using Datamine Studio 3.

14.2 Resource Database

The spatial exploration data for the Ganajur Project supplied to SRK was located using a local UTM grid coordinate system (Zone 43N) based on the Everest (1830) datum.

The initial topographic survey was undertaken by DGML in 2007 at a scale of 1:1000 with a 1 metre contour interval. In 2010, DGML again commissioned topographical survey using total station in and around the Ganajur Main prospect and all the drill hole collars were re-surveyed. SRK notes that the general topography over the deposit area is low-lying.

All exploration work was completed by DESPL. This work includes: geological mapping, channel sampling, DTH drilling, RC drilling and core drilling. Sampling data considered for resource estimation include channels, RC, DTH and core drilling. The final database was received on July 15, 2011 and comprised data from:

- 34 core boreholes (2,503 m) drilled in 2009 and 2010. Records include 1,268 sample intervals assayed for gold, silver, copper, lead, zinc and arsenic and detailed lithological logs. Downhole survey data are available for all the holes;
- 22 RC boreholes (1,219 m) drilled in 2005 and 2009. Records include 393 sample intervals assayed for gold only and lithological logs. No downhole survey data exists for these holes;
- 12 DTH boreholes (649 m) drilled in 2004. Records include 351 sample intervals assayed for gold only and lithological logs. No downhole survey data exists for these holes; and
- 380 sample intervals from 43 channels, assayed for gold and arsenic. Channels were surveyed only for azimuth and not for inclination. Lithological logs are available for these channels.

The exploration database also contains 1,100 specific gravity measurements collected by DGML personnel using a water displacement methodology on core samples. For holes drilled during 2009, specific gravity was not determined for all assay intervals, but for every alternate interval. A subset of 872 measurements relate to samples from within the modelled gold mineralization; Table 14-1 represents the frequency distribution of specific gravity data in oxide zone and sulphide zone, respectively.

SRK undertook a comparative study between different sampling methodologies (diamond coring, RC, DTH and trench) to evaluate the statistical data population of gold assays. Figure 14-2 shows that gold values between various sampling types match reasonably up to 5.0 gpt from different sampling source.

Table 14-1 : Basic Statistics for the Specific Gravity Data

	Sulphide Zone	Oxide Zone
Count	813	59
Minimum	2.53	2.48
Maximum	4.02	4.32
Range	1.49	1.84
Mean	3.12	2.99
Standard Deviation	0.24	0.28
Standard Error	0.01	0.04
Median	3.11	3.01
Mode	2.98	2.81
Sample Variance	0.06	0.08
Kurtosis	-0.21	7.78
Skewness	0.35	1.69

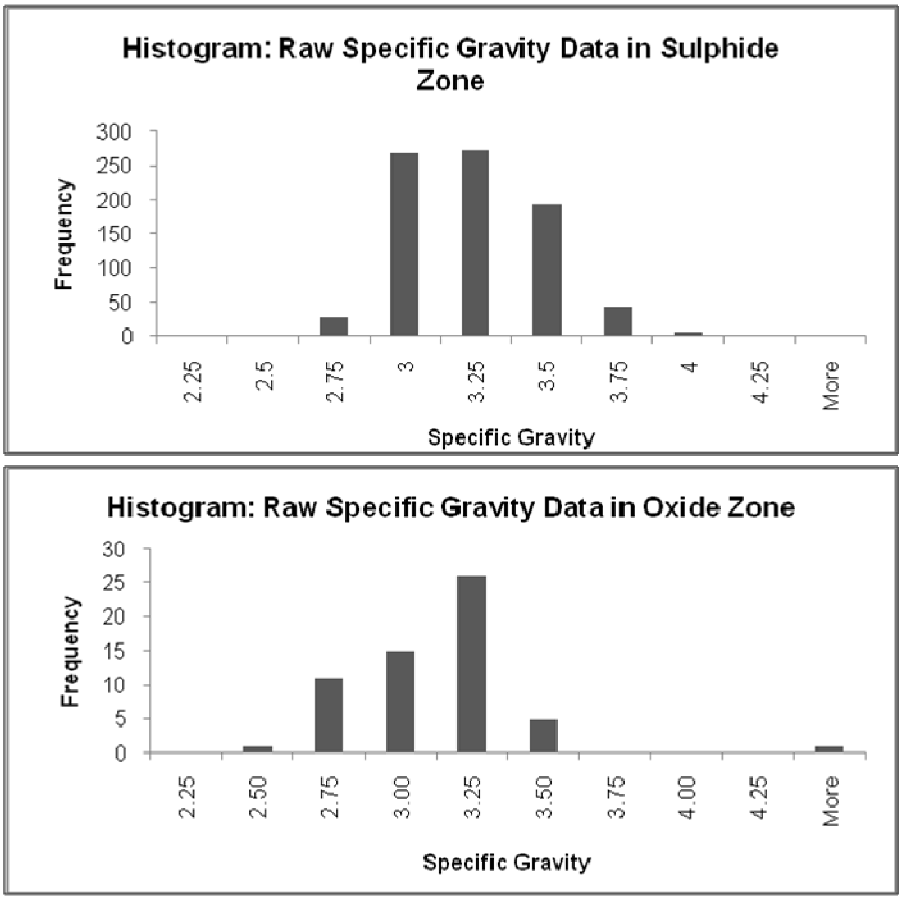
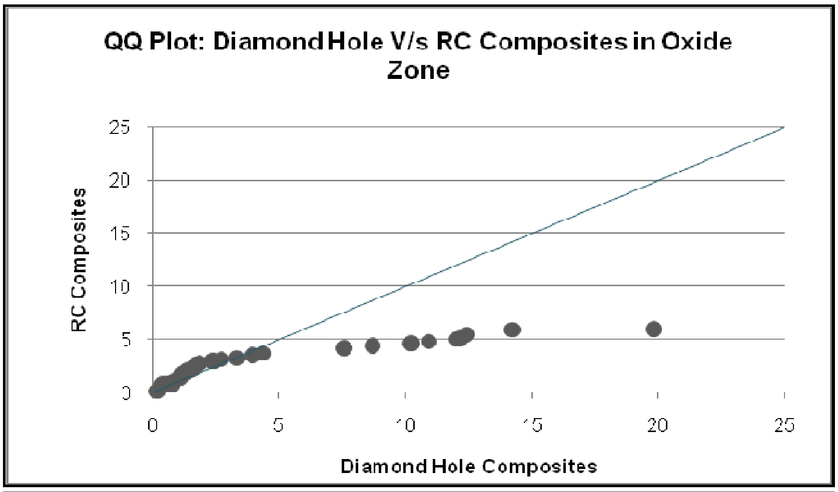
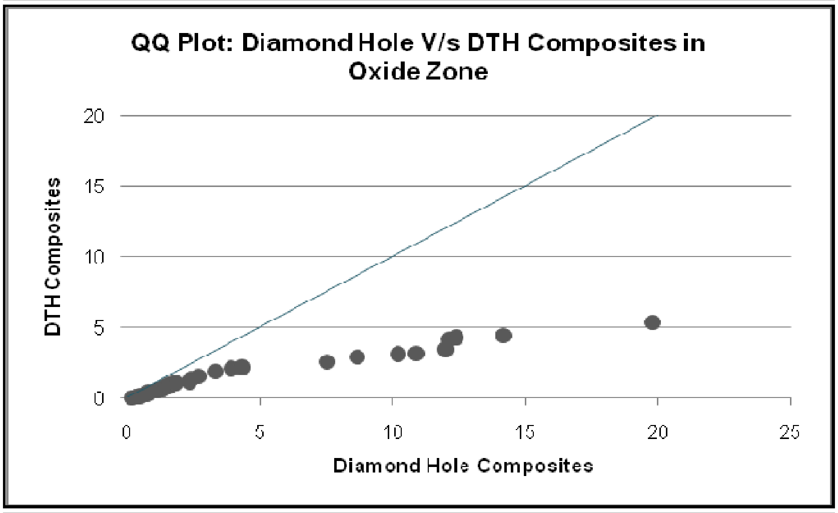


Figure 14-1: Specific Gravity Frequency Distribution. Top, Sulphide Domain; Bottom Oxide Domain





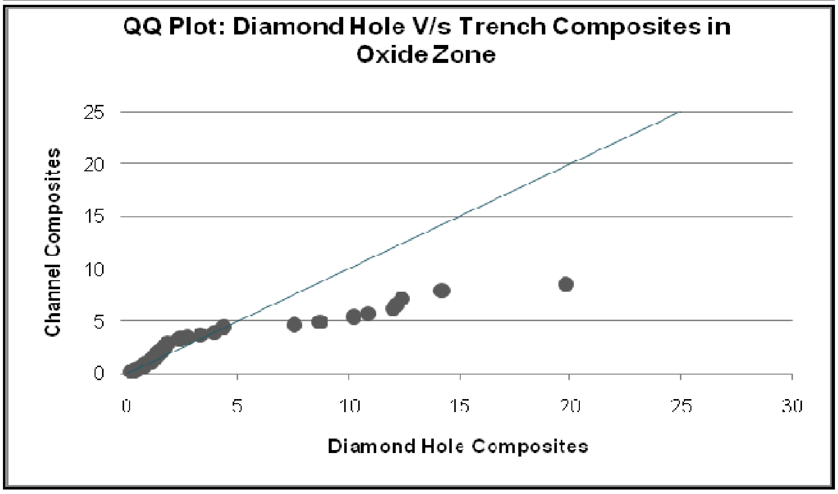


Figure 14-2: Comparison of Gold Composites between Sampling types: Top, RC relative to Core Composites; Middle, DTH relative to Core Composites; and Bottom, Channel relative to Core.

14.3 Solid Body Modelling

The gold mineralization in the Ganajur Main deposit is associated with a deformed iron formation hosted in a polydeformed paragneiss sequence. The gold mineralization is characterized by strong sulphide mineralization, silica breccia and minor quartz veining developed within a sulphidic chert unit. The gold mineralization is epigenetic in nature but stratabound being confined to the cherty iron formation. The main gold zones form a moderately to steeply dipping tabular body trending northwest to north-northwest and dipping northeast. The boundaries for the gold mineralization were interpreted from drilling, outcrop and trench data on vertical sections and plans produced by DESPL and connected into a single 3D wireframe by SRK using Datamine Studio 3 (Figure 14-3).

The 3D geological model, developed for the initial resource estimate in 2009, was reinterpreted by DESPL and updated using the data from the holes drilled in 2010 and reviewed by SRK. The Ganajur gold deposit wireframe was sub-divided into two domains on the basis of oxidation coding in lithological logs (Figure 14-3). Detailed logging by DESPL and on-site examination of the cores by SRK has indicated that the transition between oxide and sulphide zones is relatively sharp. Therefore, a separate transitional zone was not modelled.

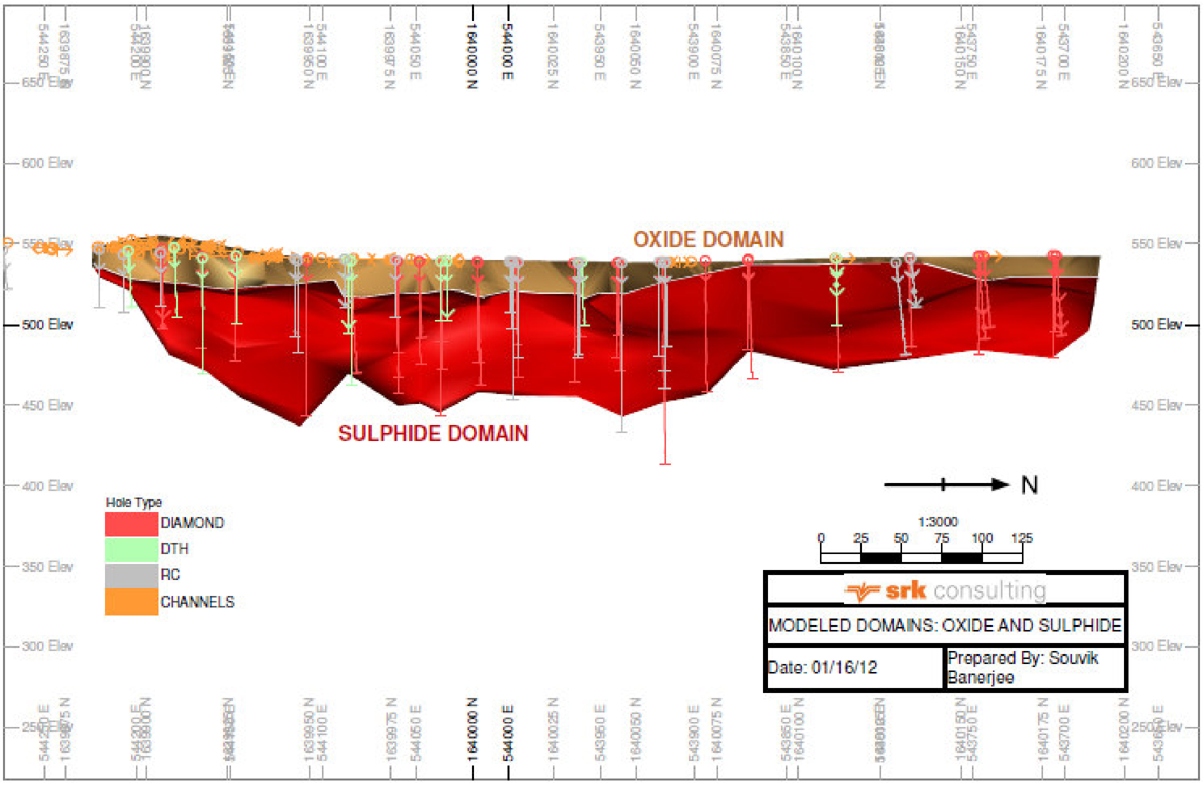
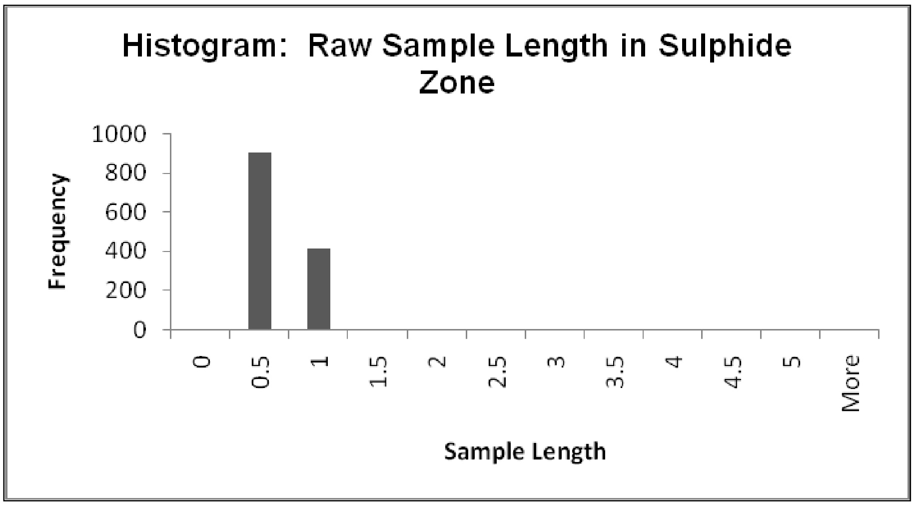


Figure 14-3: Longitudinal Section Looking West Showing the Two Modelled Resoruce Domains: Oxide and Sulphide.

14.4 Compositing

Of the total 361 samples intersects the oxide wireframe, 250 samples (around 70%) are of 1.0 metre in length (Figure 14-4). Similarly 1,326 samples intersect the sulphide wireframe and are mostly 0.5 metre (68%) or 1.0 metre (32%) in length (Figure 14-4) Therefore, all assay samples were composited to equal 1 m lengths for geostatistical analysis, variography and grade estimation.



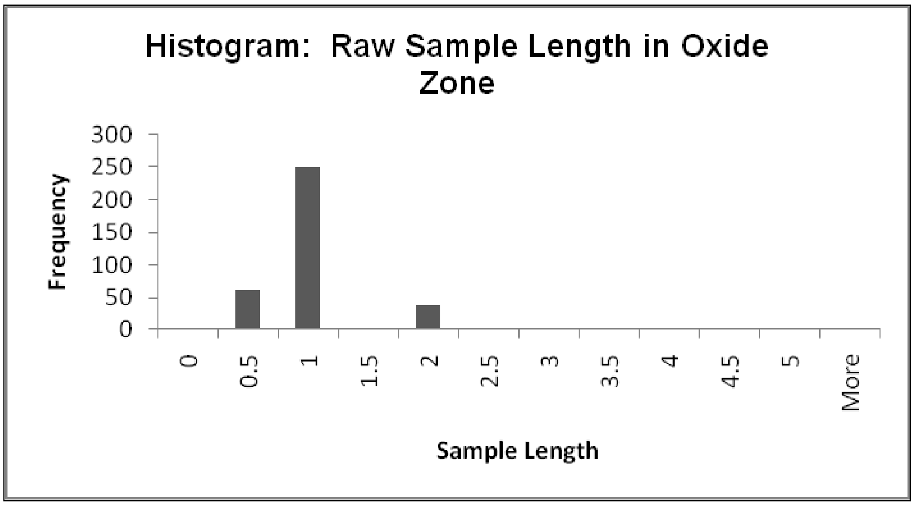


Figure 14-4: Sample Length Frequency Distribution. Top, Sulphide Domain; Bottom, Oxide Domain.

14.5 Evaluation of Extreme Assay Values

Considering the nature of the gold composites distributions (Figure 14-5), SRK is of the opinion that it was not necessary to cap any high-grade values or to limit their influence during grade estimation.

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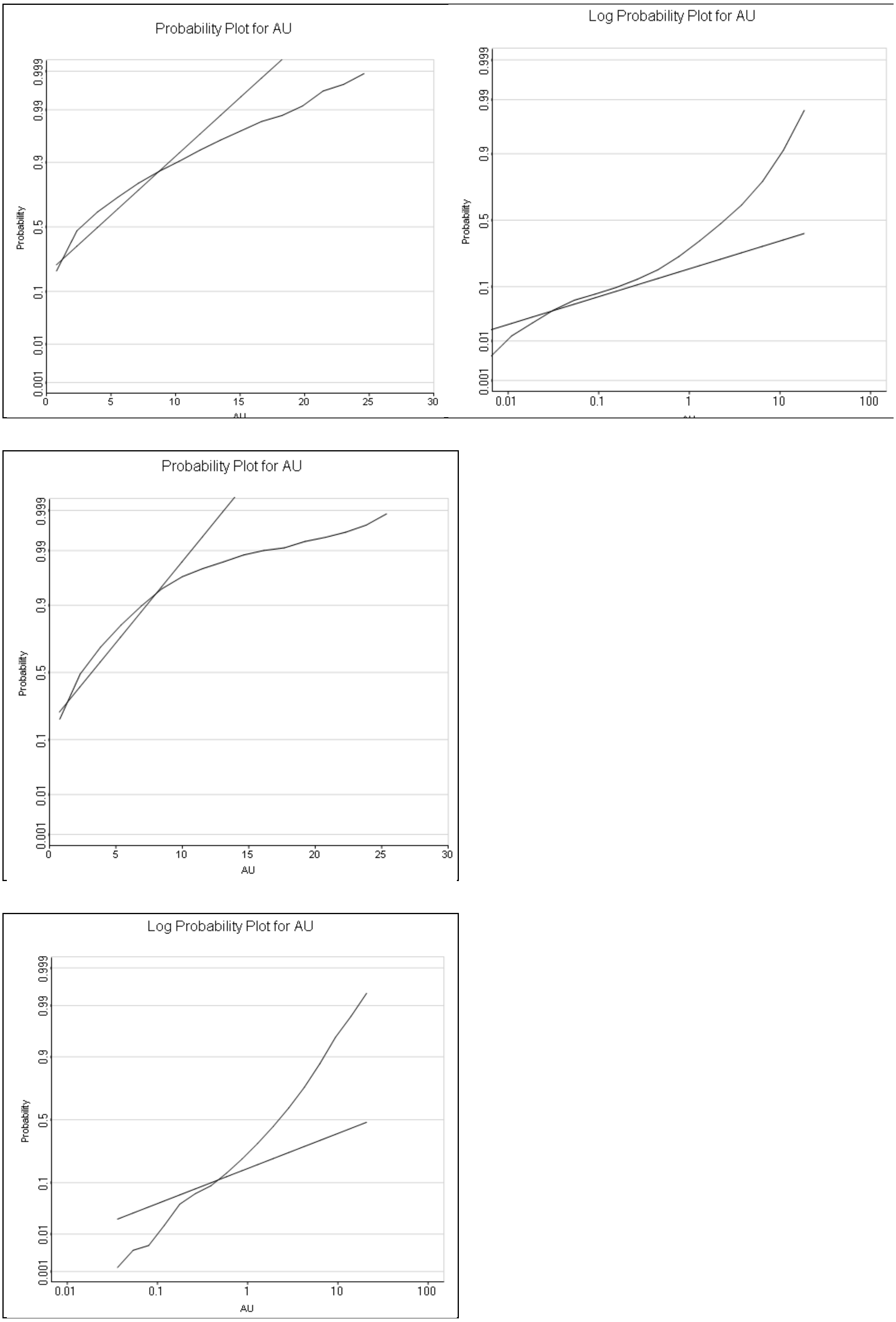


Figure 14-5: Gold Composite Frequency Distribution. Top, Sulphide Domain; Bottom, Oxide Domain.

14.6 Composite Statistics

The distribution statistics for the raw and composited data for gold in the sulphide and the oxide zones respectively are summarized in Table 14-2 below.

Table 14-2 : Descriptive Statistics for Raw and Composites

	Sulphide Zone		Oxide Zone	
	Raw	Composite	Raw	Composite
Count	1,326	834	361	391
Minimum	0.01	0.01	0.03	0.03
Maximum	37.26	24.36	28.82	25.52
Standard Deviation	4.74	4.29	3.73	3.22
COV	1.12	1.06	1.09	1
Standard Error	0.13	0.15	0.2	0.16
Median	2.49	2.46	2.28	2.3
Mode	0.01	0.03	0.13	1.38
Sample Variance	22.45	18.38	13.93	10.4
Kurtosis	4.14	2.7	11.57	11.05
Skewness	1.77	1.59	2.83	2.62

14.7 Block Model Definition

The Ganajur gold deposit was sampled by drilling on sections spaced at either 20 or 40 m. Given this and the fact that the gold mineralization occurs near surface and is amenable for open pit extraction, the block dimension was set at 5 m along the Z axis and at 10m in the X and Y dimensions. A block model with parent block size of 10 by 10 by 5 m was therefore created. Sub-blocking was limited to 2.5 m in the XY plane. Table 14-3 summarizes the block model parameters.

Table 14-3 : Block Model Parameters

	X (m)	Y (m)	Z (m)
Minimum*	543,565	1,639,559	437
Maximum*	544,607	1,640,370	560
Number of blocks	105	82	25
Parent block size	10	10	5
Rotation	0	0	0
* UTM Coordinates Zone 43N Everest (1830) datum			

14.8 Variography and Grade Interpolation

The spatial variance of the gold composite data was modelled using semi-variograms. Short range semi-variograms were initially produced using a lag spacing of 1 m in order to define the short range model. Directional semi-variograms were then produced in an attempt to define any structural influence on the distribution of mineralization within the plane of the modelled zone. The variography suggested maximum composite continuity sub-parallel to strike of the modelled mineralization. Defining the anisotropy in three directions was however unsuccessful for both domains and as a result, omni-directional semi-variograms were modelled. The modelled variogram parameters considered for gold grade estimation are summarized in Table 14-4. Specifically:-

- The nugget was determined from the down-hole semi-variograms;
- omni directional semi-variograms was constructed for each zone (Figure 14-6); and
- attempts at directional variography within each zone was unsuccessful due to the sparse data within the modeled domains, yielding noisy experimental variograms that could not be modelled with reasonable accuracy.

Table 14-4: Summary of Modelled Variogram Parameters.

			Range			Variogram	Plane
Domain	**Structure**	**Variance**	**Primary**	**Secondary**	**Downhole**	**Orientation**	**Orientation**
Sulphide	Nugget (C0)	3.76				-	-
	Sperical (C1)	6.65	9			-	-
	Sperical (C2)	11.47	39			-	-
Oxide	Nugget (C0)	2.64				-	-
	Sperical (C1)	1.98	18			-	-
	Sperical (C2)	5.77	63			-	-

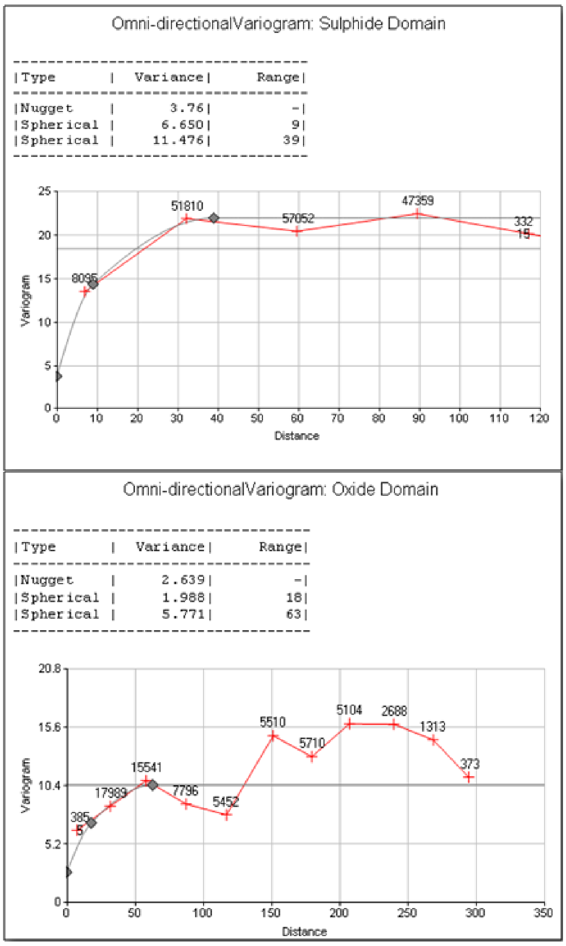


Figure 14-6: Omni Directional Variogram. Left, Sulphide Domain; Right, Oxide Domain.

The block model was populated with gold grades interpolated using ordinary kriging. Gold grades were estimated separately in each domain from composite data from that domain only. Variogram parameters were derived from omni-directional variography (Table 14-4). Grade estimation was completed in two successive passes considering the estimation parameters summarized in Table 14-5 and search neighbourhoods presented in Table 14-6. Full variogram ranges were considered for the first estimation pass. The search neighbourhoods were inflated to double the variogram ranges for the second pass.

Table 14-5: Gold Grade Estimation Parameters Used for Both Domains.

Interpolation Parameters	1st Pass	2nd Pass
Interpolation Method	Ordinary Kriging	Ordinary Kriging
Minimum number of Octants	2	2
Maximum number of Composites per Octant	4	4
Minimum number of Composites	3	1
Maximum number of Composites	10	10
Maximum number of Composite per hole	4	4
Discretisation	3X3X3	3X3X3

Table 14-6: Search Neighbourhood Parameters.

Domain	Search Direction	1st Pass (m)	2nd Pass (m)	Direction	Dip
Sulphide	X	40	80	120	0
	Y	40	80	30	40^0NE
	Z	10	20	210	50^0SW
Oxide	X	65	130	120	0
	Y	65	130	30	40^0NE
	Z	10	20	210	50^0SW

For the sulphide domains, the specific gravity was estimated using an inverse distance (power of two) algorithm based on an isotropic model as there were not enough composites to derive reliable variograms.

There are not enough specific gravity measurements to model this in the oxide domain. As a result an average value of 3.00 was assigned to the blocks of the oxide domains.

14.9 Mineral Resource Classification

The updated Mineral Resource for the Ganajur Main gold deposit was classified according to the JORC Code.

SRK is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing or other relevant issues that could potentially affect this Mineral Resource estimate. The Mineral Resource may be affected by further infill and exploration drilling which may result in increases or decreases in subsequent resource estimates. The Mineral Resource may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is insufficient information in this early stage of study to assess the extent to which the resources will be affected by these factors which are more appropriately assessed in a conceptual study.

Ore Reserves can only be estimated based on the results of an economic evaluation as part of a preliminary feasibility study or feasibility study. As such no Ore Reserves, as these are defined by the JORC Code, have been estimated by SRK as part of the present assignment and there is no certainty that all or any part of the Mineral Resource reported here will be converted into an Ore Reserve in due course.

The Mineral Resource has been classified variously as Indicated or Inferred, primarily on the basis of block distance from the nearest informing composites and on variography results. Classification is based on gold data for both the sulphide and oxide domains. Generally, an Indicated classification was assigned to blocks estimated during the first estimation pass using full variogram ranges, whereas an Inferred classification was assigned to all other blocks estimated during the second estimation pass using two times the variogram ranges. The resource category boundaries were then regularised by digitizing a smooth wireframe surface around the Indicated blocks.

14.10 Validation of the Block Model

The block model was validated by comparing the block grade estimates with composites and original borehole assay data on vertical sections and examining comparative statistics (Table 14-7 and Table 14-8). QQ plots (Figure 14-7 and Figure 14-8) were also generated to compare block grade estimates with informing composite data.

For comparison, block grade were also estimated using an inverse distance (power of two) algorithm.

Table 14-7: Comparative Statistics between Block Grade Estimates and Informing Composite Data.

	Composite	Ordinary Kriging	Inverse Distance
Sulphide Domain			
Count	834	23,448	23,448
Minimum	0.01	0.13	0.03
Maximum	24.36	19.06	21.44
Range	24.36	18.94	21.41
Mean	4.06	3.13	3.23
Standard Deviation	4.29	1.93	2.22
Sample Variance	18.38	3.74	4.95
Standard Error	0.15	0.01	0.01
Median	2.46	2.61	2.57
Mode	0.03	1.51	0.62
Kurtosis	2.7	2.28	3.06
Skewness	1.59	1.3	1.48
Oxide Domain			
Count	391	10,225	10,225
Minimum	0.03	0.34	0.08
Maximum	25.52	17.13	23.14
Range	25.49	16.79	23.06
Mean	3.23	3.12	3.19
Standard Deviation	3.22	1.89	2.09
Sample Variance	10.4	3.58	4.37
Standard Error	0.16	0.02	0.02
Median	2.3	2.87	2.81
Mode	1.38	0.9	2.03
Kurtosis	11.05	9.92	12.7
Skewness	2.62	2.19	2.47

Table 14-8: Comparative Statistics between Block Specific Gravity Estimates and Informing Specific Gravity Composites in Sulphide Zone.

	Specific Gravity (Composite)	Specific Gravity (Ordinary Kriging)
Count	524	23448
Minimum	2.65	2.72
Maximum	3.9	3.69
Range	1.25	0.98
Mean	3.12	3.11
Standard Deviation	0.22	0.12
Sample Variance	0.05	0.01
Standard Error	0.01	0
Median	3.12	3.1
Mode	2.94	3.12
Kurtosis	-0.09	0.16
Skewness	0.35	0.16

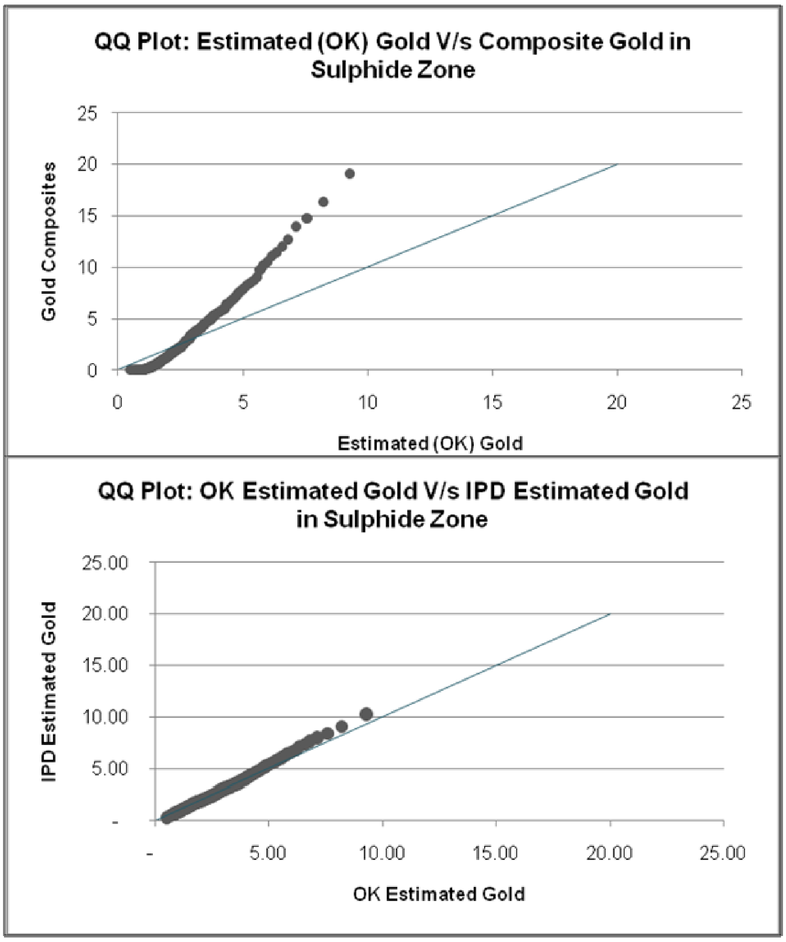
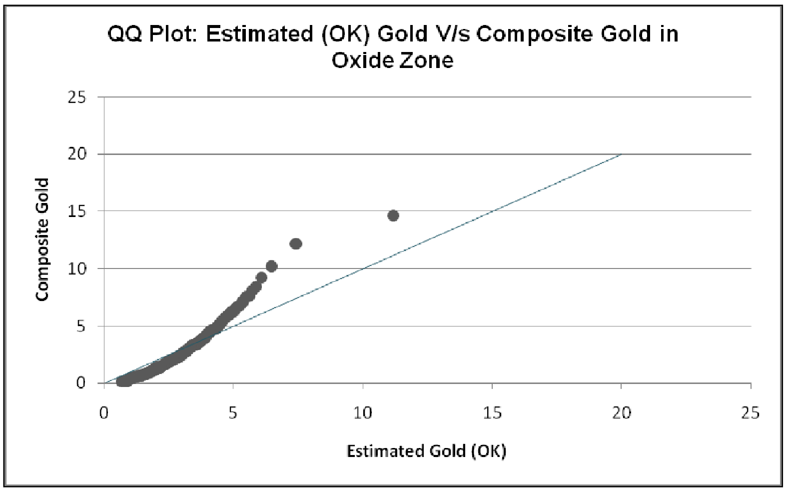


Figure 14-7: Sulphide Zone Quantile-Quantile Plots Comparing Ordinary Kriging Block Estimates and Composite (Top); and Ordinary Kriging and Inverse Distance Block Estimates (Bottom).



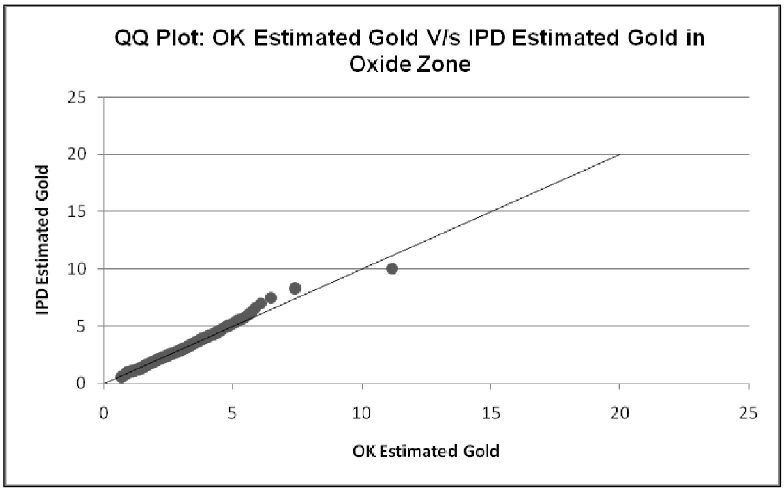


Figure 14-8: Oxide Zone Quantile-Quantile Plots Comparing Ordinary Kriging Block Estimates and Composite (Top); and Ordinary Kriging and Inverse Distance Block Estimates (Bottom)

The QQ plot of the sulphide zone (Figure 14-7), in particular, illustrates that block grades are little higher than the composite grades at low grade areas, but in rest of the area block grades are lower than the composite grades. This smoothening of block estimates can be ascribed to the presence of inconsistent patchy low grades in the modeled domain and failure to establish any structure for grade variability during variography.

15 Mineral Resource Statement

The JORC Code defines a mineral resource as:

"a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories."

The "reasonable prospects for economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. The modelled gold zones extend from surface to a depth of approximately 120 m and SRK therefore considered this potentially amenable to open it mining.

In order to determine the portions of the modelled mineralization that had reasonable prospects for eventual economic extraction by an open pit, SRK used Datamine NPV Scheduler to evaluate the profitability of each resource block based on its value. Optimization parameters were selected based on experience and benchmarking against similar projects and included a gold price of US$1,600/Oz, a metallurgical recovery of 90 percent for the oxide and sulphide mineralization, a mining cost of US$12 per tonne, a processing cost of US$15 per tonne, admin and royalty charges of US$2 per gram, and pit slopes of 45 degrees.

The reader is cautioned that the pit optimization process was used primarily for the purpose of testing the "reasonable prospects" for eventual economic extraction and did not represent an attempt to estimate ore reserves as these can only be reported following more detailed technical and economic studies than carried out in producing this report. Based on a review of the optimization results, however, SRK concluded that it is appropriate to report the mineral resource inside the entire block model at a cut-off grade of 1.0 gpt gold. The Mineral Resource Statement for Ganajur Main gold deposit is presented in Table 15-1 below.

Table 15-1: Mineral Resource Statement* Ganajur Main Gold Deposit, India, SRK Consulting, August 31, 2011.

Category	Quantity (tonnes)	Grade Gold (gpt)	Contained metal Gold (ounce)
Indicated			
Sulphide	1,921,000	3.83	237,000
Oxide	631,000	3.19	65,000
Total Indicated	**2,552,000**	**3.67**	**301,000**
Inferred			
Sulphide	93,000	1.82	5,000
Oxide	17,000	3.26	2,000
Total Inferred	**109,000**	**2.06**	**7,000**

*Reported at a cut-off grade of 1.0 gpt gold within a conceptual pit shell optimized considering a gold price of US$1,600/Oz of gold, metallurgical recovery of 90 percent for both oxide and sulphide mineralization, mining costs of US$12 per tonne, processing costs of US$15 per tonne and pit slopes of 45 degrees. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates.

15.1 Previous Mineral Resource Statement

The previous mineral resource statement prepared by SRK in 2010 is presented in Table 15-2 below

Table 15-2: Mineral Resource Statement* Ganajur Main Gold Deposit, India, SRK Consulting, March 30, 2010.

Category	Quantity (tonnes)	Grade Gold (gpt)	Contained metal Gold (ounce)
Indicated			
Sulphide	1,430,000	4.45	204,600
Oxide	390,000	2.69	33,700
Total Indicated	**1,820,000**	**4.07**	**238,300**
Inferred			
Sulphide	182,000	2.28	13,400
Oxide	136,000	3.04	13,300
Total Inferred	**318,000**	**2.61**	**26,700**

*Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 1.0 gram of gold per tonne assuming open pit mining scenario, a gold price of US$1,000/Oz of gold and 78 percent metallurgical recovery.

Relative to the 2010 mineral resource statement, SRK notes that the estimated Indicated tonnage has increased significantly, the average grade of the sulphide mineralization is lower, and that there is a slight overall increase in Indicated metal content in the oxide and sulphide zones. The decrease in Inferred mineral resource arises from the infill drilling that has allowed the classification of more material into the Indicated category.

15.2 Sensitivity of the Block Model to the Selection of Cut-off Grade

The Mineral Resource is sensitive to the selection of the cut-off grade. The global quantities and grade estimates for Ganajur Main gold deposit are summarized in Table 15-3 at selected cut-off grades for sulphide and oxide domain, respectively. The reader is cautioned that these figures should not be misconstrued as a mineral resource statement. The reported quantities and grades are only presented as a sensitivity of the resource model to the selection of cut-off grade.

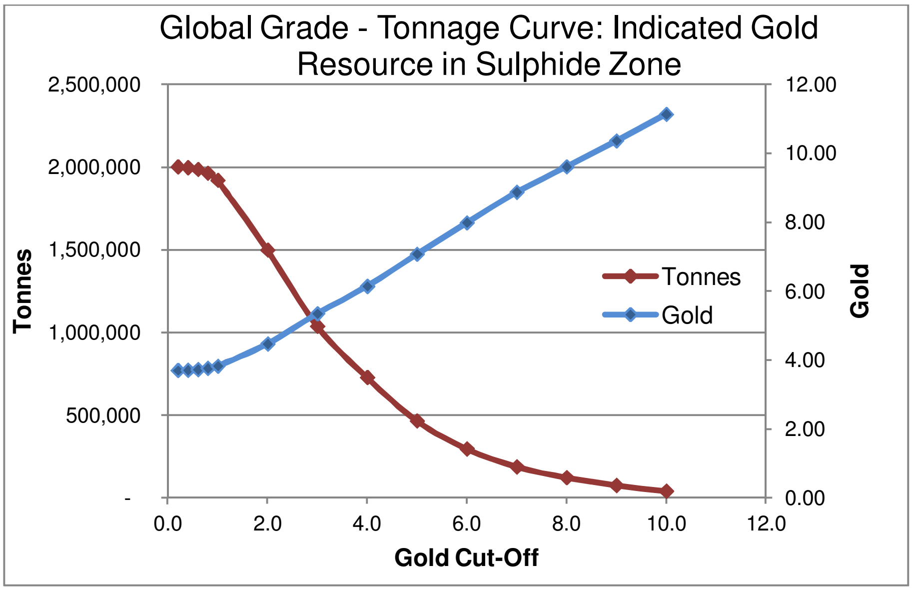
Table 15-3: Global Block Model Quantity and Grade Estimates* at Various Gold Cut-off Grades, Ganajur Main Gold Deposit, India.

	Sulphide Domain				Oxide Domain			
Cut-off Grade Gold (gpt)	Indicated		Inferred		Indicated		Inferred	
	Quantity (tonnes)	Gold (gpt)	Quantity (tonnes)	Gold (gpt)	Quantity (tonnes)	Gold (gpt)	Quantity (tonnes)	Gold (gpt)
0.2	2,004,000	3.7	94,000	1.8	650,000	3.12	43,000	1.8
0.4	1,998,000	3.71	94,000	1.81	650,000	3.12	43,000	1.8
0.6	1,987,000	3.73	94,000	1.81	659,000	3.13	43,000	1.8
0.8	1,964,000	3.77	93,000	1.81	644,000	3.15	41,000	1.87
1	**1,921,000**	**3.83**	**93,000**	**1.82**	**631,000**	**3.19**	**17,000**	**3.26**
2	1,499,000	4.47	33,000	2.42	468,000	3.75	12,000	4.04
3	1,039,000	5.35	2,000	3.28	306,000	4.42	9,000	4.56
4	729,000	6.15			153,000	5.38	8,000	4.66
5	466,000	7.08			73,000	6.43		
6	297,000	7.99			24,000	8.29		
7	189,000	8.88			12,000	10.51		
8	124,000	9.61			7,000	12.51		
9	77,000	10.37			6,000	13.05		
10	42,000	11.14			5,000	13.84		

* The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade

Grade-Tonnage curves for Indicated and Inferred blocks for each of the domains are presented in Figure 15-1 and Figure 15-2.

Vertical sections through the Ganajur Main block model are presented in Figure 15-3.



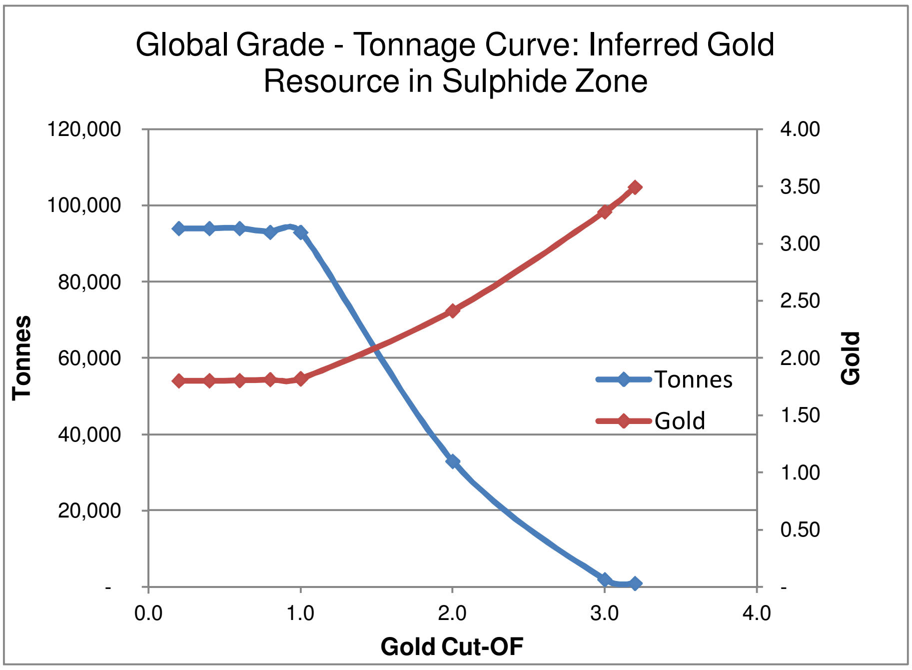
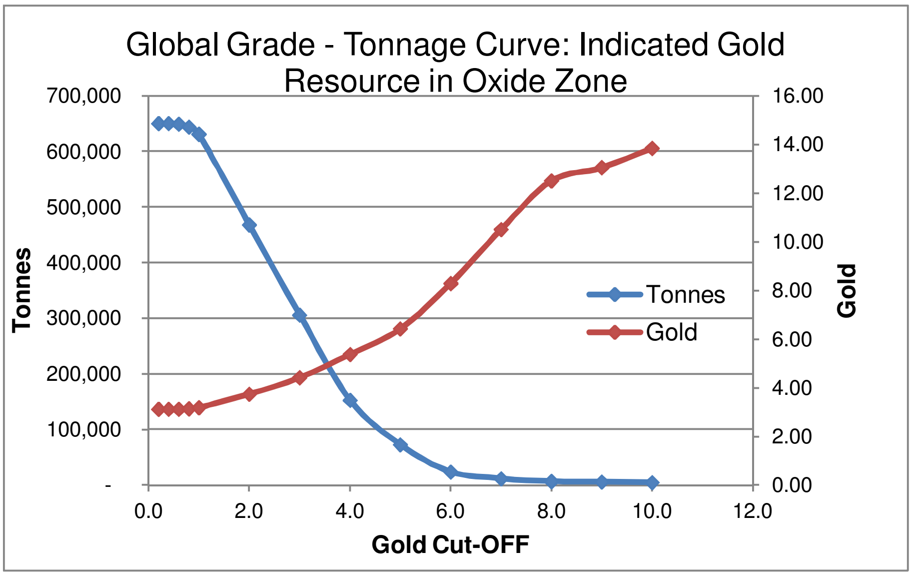


Figure 15-1: Global Grade Tonnage Curves for the Ganajur Main Gold Deposit – Sulphide Zone: Indicated (top); Inferred (bottom).



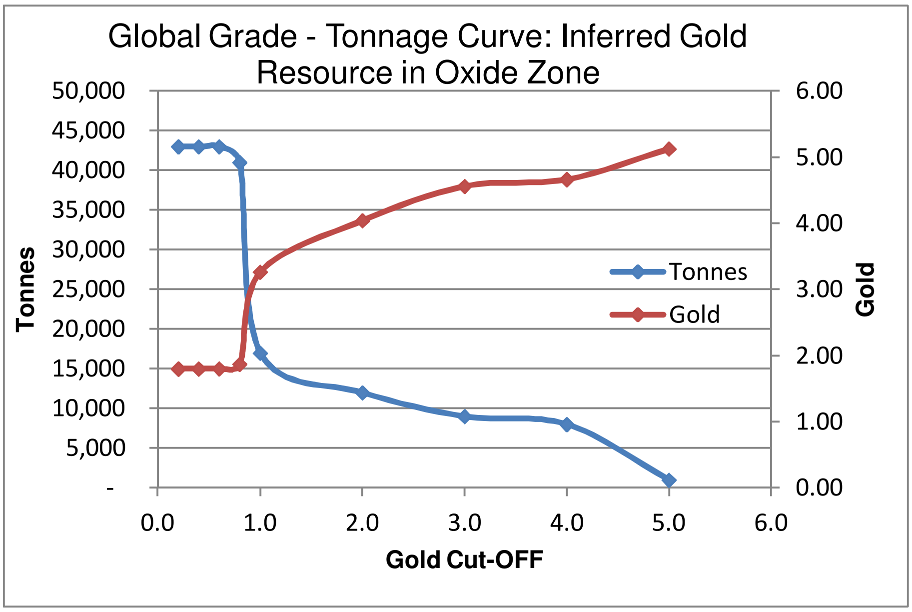


Figure 15-2: Grade-Tonnage Curves for the Ganajur Main Gold Deposit – Oxide Zone: Indicated (top); Inferred (bottom).

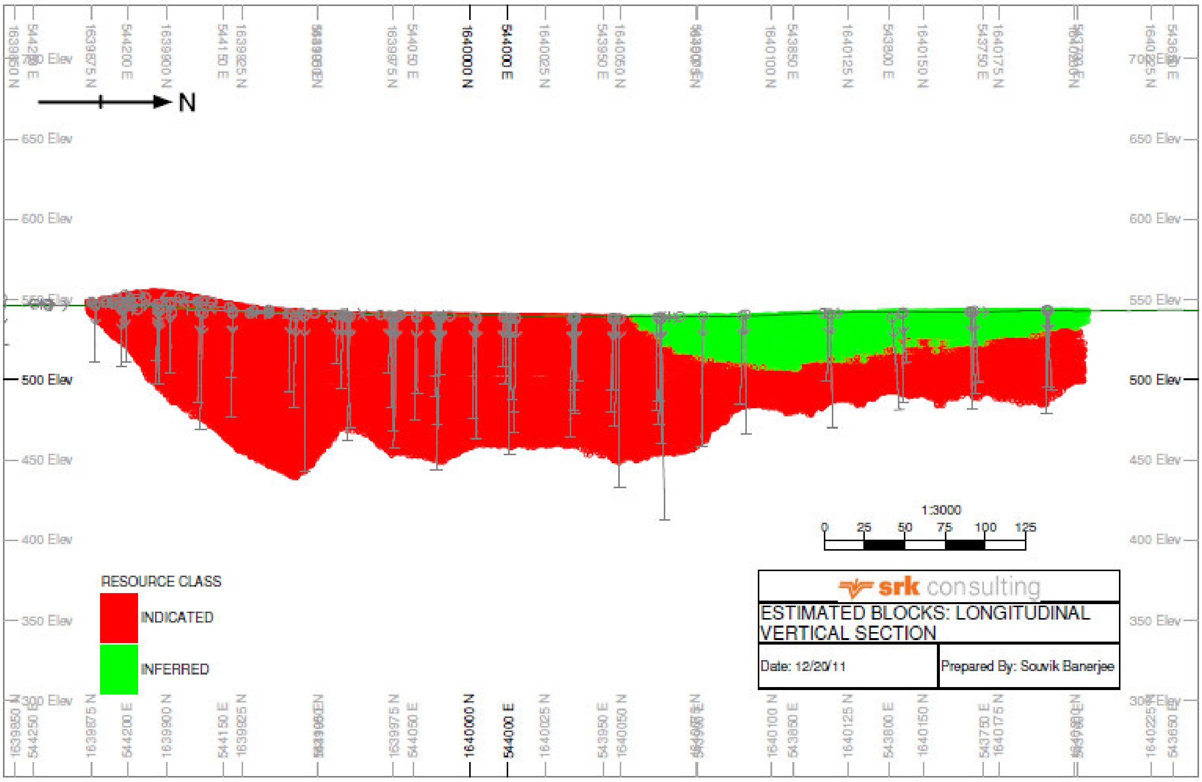


Figure 15-3: Longitudinal Vertical Section through the Ganajur Block Model (Looking Southwest).

16 Mining Geotechnics

16.1 Introduction

The aim of this part of the scoping study was to assess available geotechnical information in order to:

1. provide an empirical assessment of indicative overall slope angles for pit optimization; and
2. identify gaps in the geotechnical data and develop a geotechnical investigation programme that will address the data gaps and that will advance the project to the prefeasibility study level.

The main source of information used for this assessment was a geotechnical logging database of holes drilled in the Ganajur Main deposit.

16.2 Available Geotechnical Data

SRK was provided with parametric geotechnical data from 34 geotechnically logged diamond cored boreholes (GMC1 to GMC34). This comprised a total of 1,000m of logged core.

The data recorded comprised core recovery, rock strength, RQD, discontinuity spacing and weathering class. Tables 16-1 to 16-3 present the codes used in the geotechnical logs provided by DGML. SRK notes that the raw data has not been checked or verified and has been accepted at face value.

Table 16-1 : Rock Strength (Intact Rock strength - IRS)

Class	Code	IRS (MPa)	Description
Very Weak	R1	3	Crumbles under hammer blow, too hard to cut triaxial sample by hand
Weak	R2	15	Indents with one hand pick blow
Moderate	R3	37.5	Fractures with one hand pick blow
Strong	R4	75	Fractures with hard hand hammer blow
Very Strong	R5	175	Very hard to break with repeated hammer blows

Table 16-2 : Rock Quality Designation (RQD)

RQD	Rock mass quality
<25%	very poor
25-50%	poor
50-75%	fair
75-90%	good
90-100%	excellent

Table 16-3 : Discontinuity spacing

Classification	Symbol	Mean fracture Spacing (m)	Mean fracture Spacing (m)	Mean Fracture Frequency (per m)	Modified Fracture Frequency (per m)
Massive	MS	>1	1	<1	1
Lightly fractured	LF	>0.30 < 1.0	0.65	3-Jan	2
Fractured	FR	>0.1 < 0.30	0.2	10-Mar	6
Highly Fractured	HF	>0.03 < 0.10	0.05	30-Oct	20
Crushed	CR	<0.02	0.02	>30	40

Table 16-4 : Weathering classification from field logging

Class	Symbol	Description
Unweathered	UW	No visible signs of weathering, rock is fresh with bright crystals, discontinuities are clear and bright
Slightly weathered	SW	Penetrative weathering along discontinuities, but rock material is fresh with original strength. Discontinuities are stained but discolouration extends less than 1 cm into the rock
Moderately Weathered	MW	Slight discolouration extends through the major part of the rock mass with a marginal reduction in strength. Feldspars are partly altered and discontinuities are stained or in filled.
Highly Weathering	HW	Weathering extends throughout the rock mass with a significant reduction in strength. The original fabric is partially obscured, the rock is discoloured with many minerals altered to clay
Completely Weathered	CW	Totally discoloured and decomposed with the original fabric largely obscured. Most minerals other than Quartz are altered and the rock is friable, being easily broken by hand

16.3 Estimation of Indicative Overall Slope Angle

For scoping study level studies it is usual to use empirical relationships between rock mass ratings calculated from core logging parameters to derive an indicative overall slope angle (IOSA). The main internationally accepted relationship between these parameters is defined as:

$$IOSA° = 30 + MRMR/2$$

The MRMR in this equation is the Mining Rock Mass Rating of Laubscher (1984). A brief description of this system is presented below.

During logging, borehole core is divided into contiguous intervals of rock which exhibits similar rock mass characteristics. The rock within each zone or interval will be expected to behave similarly when exposed within the walls of the open pit excavation. The parameters that will influence the stability of each geotechnical zone are:

- Rock Quality Designation (RQD);
- quantity of matrix/rock mass defects; such as, faults, shear zones, intense fracturing and zones of deformable material;
- quantity of solid core recovered or observed;
- intact rock strength/hardness (IRS);

- degree and nature of rock weathering;
- relative orientation of structures to the core axis or true orientation;
- spacing between the apparent sets of structures and true spacing (Js);
- total number/density/frequency of structures (FF);
- condition of structures, such as roughness profile, wall alteration and infilling (Jc); and
- groundwater conditions

These parameters are then assessed in accordance with the MRMR system and are allocated ratings within the following ranges:

- IRS (Intact Rock Strength) 0 – 20
- RQD 0 – 15
- Js (Joint Spacing) 0 – 25
- FF (Fracture Frequency) 0 – 40
- Jc (Joint Condition) 0 – 40

Depending on the source of data, there is the alternative available to use the RQD plus Js combination, or FF alone. The total available ratings in this regard are identical. For this assessment, the average of both methods was utilised within spreadsheet to derive the basic Rock Mass Rating (RMR).

The RMR in-situ rating, out of a total of 100, is then adjusted to take account of the expected mining environment, namely the influence of weathering, structural orientation, induced stresses and blasting. The adjustments to the in-situ RMR are introduced in recognition of the type of excavation proposed and the time dependent behaviour of the rock mass. The possible percentage adjustments are as follows:

- Weathering 30 – 100%
- Orientation 63 – 100%
- Induced stresses 60 – 120%
- Blasting 80 – 100%

Although the percentages are empirical, the principle has proved sound and, as such, it forces the designer to allow for these important factors during the core logging process. In effect, the anticipated deterioration of the rock mass, once exposed in the mine environment, is provided for in these adjustments.

It can be seen from the above that not all parameters required for calculation of the MRMR have been captured in the geotechnical logs. Specifically no information was recorded on the discontinuity parameters - amplitude, roughness, wall strength or infill material. Therefore a series of assumptions based on engineering judgement, experience and previous knowledge of the lithologies have been made.

16.4 Modified geotechnical logging parameters

The logged geotechnical parameters were required to be converted into numerical form and this was undertaken through Table 16-1 and Table 16-3 (columns highlighted), with exact values used for RQD. Fracture frequency was divided into the logged lengths to provide a fracture frequency per interval. These were then assigned to the individual categories (Section 16.5.1).

This provided the basis for IRS, Fracture Frequency and RQD calculations and contributes to 60% of the overall MRMR.

16.5 Discontinuity parameters

16.5.1 Categorisation of discontinuity Sets

The discontinuities recorded are required to be divided into three sets based on their orientation relative to the core axis. Low angle joints (Set 1 joints) lie sub-parallel to the core axis and high angle joints (Set 3 joints) lie almost at right angles to the core axis.

In order to assign percentages of the total fracture count to these sets reference has been made to the large scale structure and lithology of the deposit as described next.

It is assumed all the boreholes were drilled SW perpendicular to the dip of ore body at 60° with the ore body dipping moderately steeply to the NE. It has been assumed that the bulk of the discontinuities will lie parallel to the dip of the ore body. The deposit dip angles range from 20-70°, which would intercept the borehole axis at angles of 50° to 80°. So the bulk of the discontinuities would fall into Set 3.

Table 16-5 presents the categorisation of the discontinuity sets together with SRK's estimate of the percentage of discontinuities belonging to each set.

Table 16-5 : Discontinuity sets

Sets	Angle wrt core axis	Percentage of discontinuities
Set 1	0-30°	25%
Set 2	30-60°	25%
Set 3	60-90°	50%.

16.5.2 Discontinuity properties

Each discontinuity has to be classified using four parameters:

- Ja – Macro roughness,
- Jb – Micro roughness,
- Jc – Joint Wall strength and
- Jd – infill strength.

When the ratings for these parameters are combined they form an adjustment factor to reduce the maximum rating of 40 for discontinuity properties.

Discontinuities have been described as being filled with remobilized silica or quartz carbonate veinlets from the geological literature. Groundwater conditions are also incorporated into the calculation of the rating for discontinuity properties. For the purpose of this assessment a moist value has been taken based on the rainfall (1-1.5m p.a.) and lack of ground water.

Descriptions of the discontinuities are provided in Table 16-6 and Table 16-7 with numerical adjustments in Table 16-8.

Table 16-6 : Descriptions of the discontinuities

Rock Code		Properties expected
Mqtzt	Quartzite	Concoidal fracture, planar fractures with smooth to undulating surfaces, limonite and quartz veining, minor amounts of additional staining
Scbsc	Banded Sulphidic chert	Slightly undulating, smooth undulating, joint wall strength is equal to the rock strength, no talc or clay present
Sccht	Chert	Slightly undulating, smooth undulating, joint wall strength is equal to the rock strength, no talc or clay present
Scchtfg	Banded Ferrugenous chert	Slightly undulating, smooth undulating, joint wall strength is equal to the rock strength, no talc or clay present
Schgw	Schistose greywacke	Slightly undulating, smooth undulating, joint wall strength is equal to the rock strength, potential for softening minerals s based on the schistoisty of the material,
Sclgw	Silecious Greywacke	Slightly undulating, smooth undulating, joint wall strength is equal to the rock strength, no talc or clay present
Soil	Soil	Non-MRMR classification
Vnqtz	Quartz Vein	Curved, smooth stepped, joint wall strength is equal to the rock strength, with hard fine infilling

Table 16-7 : Discontinuity summary table

Rock Code	Ja - macro	Jb - micro	Jc - JWS	Jd - infill strength	Minerals	Zones
Mqtzt	CUR	RP	1	HF	quartz, limonite,	FW
Scbsc	SLU	SU	1	HF	gossans, limonite, chlorite, pyrite, arsenopyrite, chalcopyrite, goethitite, brecciation	ORE
Sccht	SLU	SU	1	HF	limonite, chlorite, pyrite, arsenopyrite, chalcopyrite	HW / FW / WASTE
Scchtfg	SLU	SU	1	HF	limonite, chlorite, pyrite, arsenopyrite, chalcopyrite	ORE
Schgw	SLU	SU	1	SC	Chlorite	HW / FW / WASTE
Sclgw	SLU	SU	1	HM	Silica	HW / FW / WASTE
Vnqtz	CUR	SS	1	HF	quartz, limonite,	NA

Table 16-8 : Numerical reduction of discontinuity strength

Rock Name	Ja - macro	Jb - micro	Jc - JWS	Jd - infill strength	Reduction Factor
Mqtzt	0.8	0.6	1	0.75	0.36
Scbsc	0.75	0.7	1	0.75	0.39
Sccht	0.75	0.7	1	0.75	0.39
Scchtfg	0.75	0.7	1	0.75	0.39
Schgw	0.75	0.7	1	0.65	0.34
Sclgw	0.75	0.7	1	0.8	0.42
Vnqtz	0.8	0.85	1	0.75	0.51

The codes used in Table 16-8 to describe the discontinuity are presented below.

Table 16-9 : Discontinuity Condition Codes

Ja	Code	Jb	Code	Jc	Code	Jd	Code
not required	NR	not required	NR	not required	-2	none	NON
not logged	NL	not logged	NL	not logged	-1	gouge > amplitude	GT
Straight	STR	polished	PP	wall = rock	2	gouge < amplitude	GN
slight undulation	SLU	smooth planar	SP	wall < rock	1	soft sheared medium	SM
Curved	CUR	rough planar	RP	wall > rock	0	soft sheared fine	SF
unidirectional wavy	UDW	slickenside undulating	KU			soft sheared coarse	SC
multidirectional wavy	MDW	smooth undulating	RU			non-softening fine	HF
		rough undulating	RU			non-softening medium	HM
		slickenside stepped	KS			non-softening coarse	HC
		smooth stepped	SS				
		rough stepped	RS				

16.6 MRMR adjustments

As described earlier four mining related adjustments need to be applied to the rock mass rating to determine the MRMR from which slope angles can be estimated. These are weathering, orientation, stress and blasting. The resulting MRMR adjustments considered appropriate for this deposit are presented in Table 16-10.

Table 16-10 : MRMR Adjustments

Adjustment	Description	Adjustment Percentage
Weathering	Slight weathering of the rock mass on exposure over a time length of more than 4 years.	96%
Orientation	Possible adverse joint orientation giving rise to daylighting structures that could slide out of the pit walls.	80%
Stress	No stress problems anticipated	100%
Blasting	Application of moderate to good quality wall blasting	92%
Total Adjustment		**71%**

16.7 Indicative overall slope angles (IOSA) for lithologies

The initial logging data was converted as outlined above into MRMR values for each individual interval. The rock mass properties generally increase with depth as shown in Figure 16-1 and Figure 16-2. A division between weathered (oxide), transition (moderately weathered) and unweathered (fresh) was made as shown in Table 16-11 and a separate IOSA derived for each. These broad IOSA were then assigned to the rock mass for pit optimisation based on a weathered zone to 15m, transitions zone from 15-25m and unweathered zone from 25-110m.

Table 16-11 : Recommended IOSA Values for Pit Optimisation

Weathering Grade	Depth below Surface (m)	IOSA (°)	Standard deviation (°)	Min (°)	Max (°)
Weathered	0 – 15	38	3.45	31.7	48.5
Transition	15 – 25	41	3.57	35	48.8
Unweathered	25 - 110	46	3.62	35.5	53.9

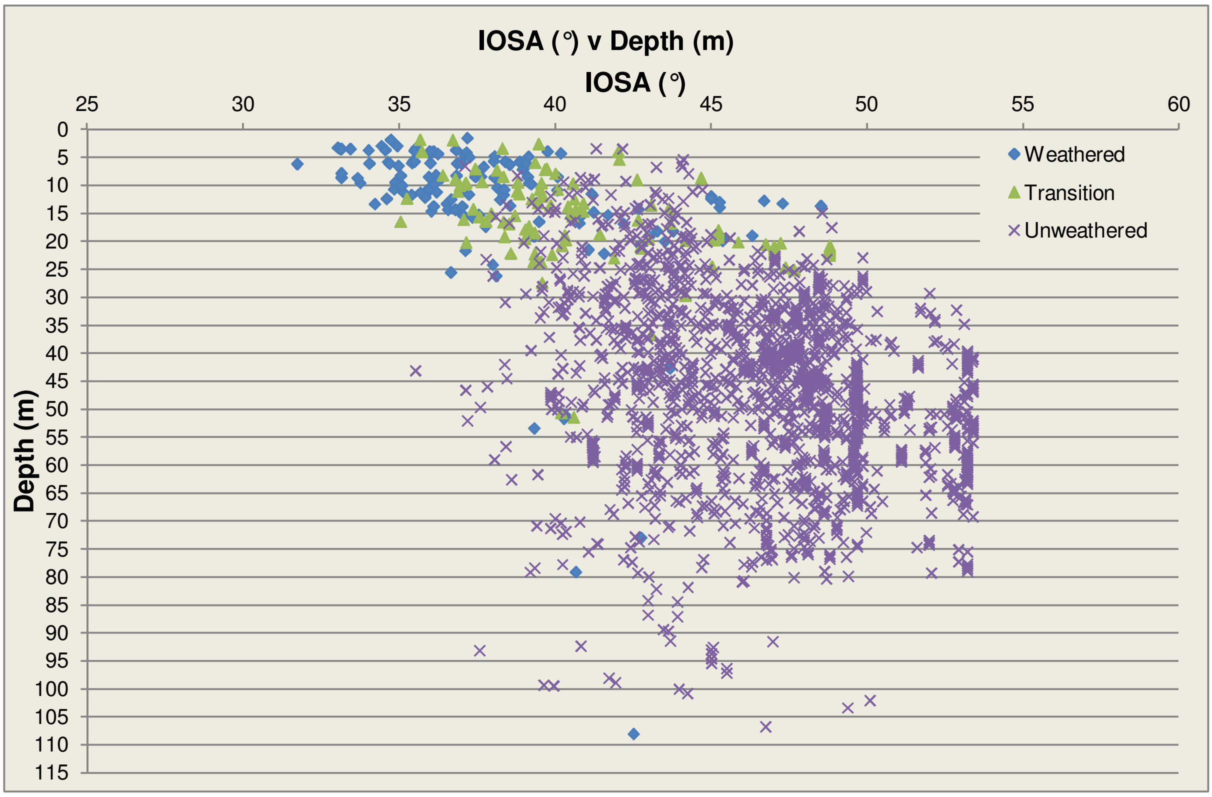


Figure 16-1 : Graphs of IOSA (°) v depth (m) for weathering

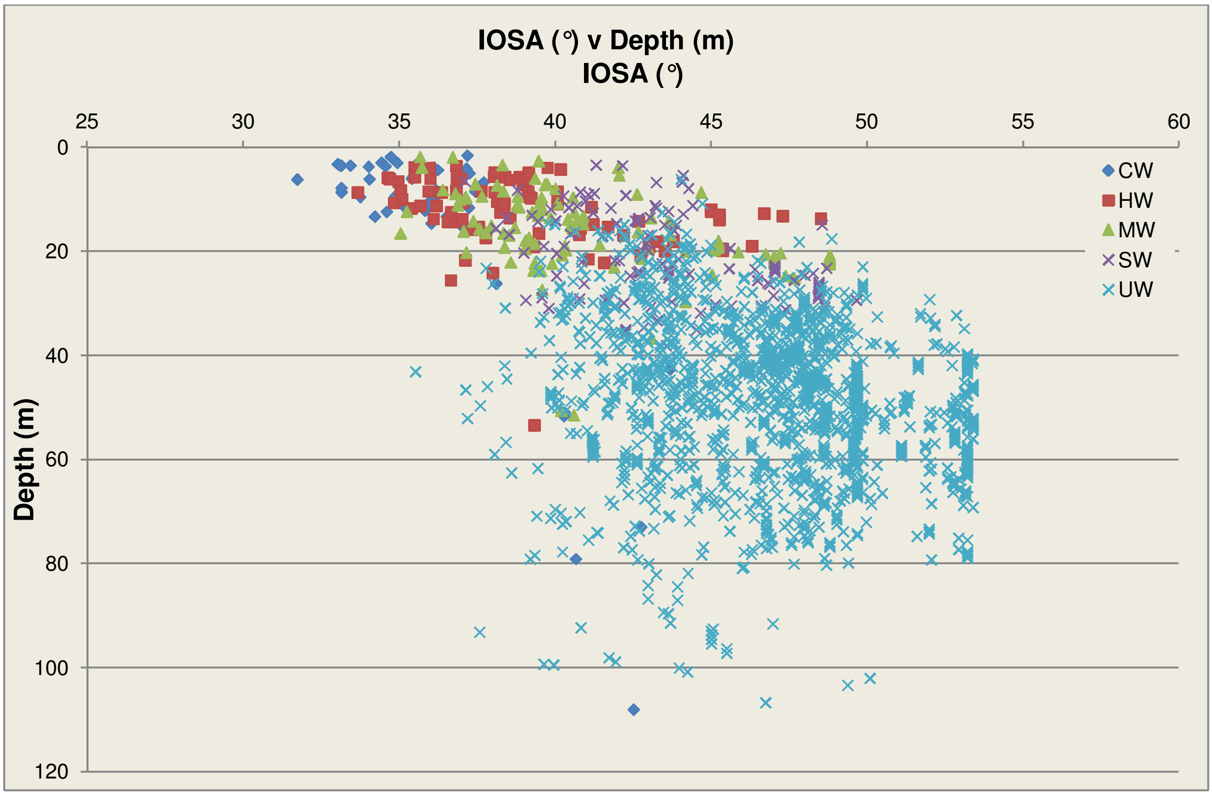


Figure 16-2 : Graphs of IOSA (°) v depth (m) all weathering codes

16.8 Pre-feasibility study Geotechnical Work Programme

The slope angle used for the pit optimisation is as given in Table 16-11. However, the analysis is preliminary in nature and based on limited data. In order to improve confidence in slope angle design for the PFS, SRK has recommended that the following additional work is undertaken:

1. The drilling of four specific geotechnical boreholes, two on the hangingwall and two on the footwall. These holes should be:
   a. minimum HQ size,
   b. Drilled with triple tube wireline drilling techniques,
   c. Orientated, using proprietary core orientation techniques, ACE core orientation is SRK's preferred method, to allow collection of structural data.

2. Holes should be fully geotechnically logged. Parametric data should be collected to allow the calculation of both Bieniawski's and Laubscher's rock mass rating systems. Deposit hydrogeological conditions should also be assessed as part of this process.

3. Holes should be sampled for rock mechanics laboratory testing. Testing should include;
   a. Unixaial compressive strength testing, including measurement of young's modulus and Poisson's ratio.
   b. Rock triaixial testing.
   c. Shear testing

4. This data should be used to develop cross-sectional geotechnical models base on either rock mass variability with depth by weathering zone or by lithology with characteristic

engineering properties for each zone being derived from a combination of the rock mass classification, structural data and laboratory testing.

5. Using input data derived from the above limit equilibrium stability analyses should be undertaken to determine overall slope angles to satisfy specific design criteria. Sensitivity analyses to variations in slope water conditions and rock strength would normally be undertaken. Based on the project variables probability analyses would also be undertaken to determine probability of failure resulting in uncertainties in the geotechnical model.
6. The structural data would be used to determine the kinematic potential of discontinuity bounded blocks to slide or topple from individual bench faces and multi-bench faces.
7. The data from 5 and 6, above, would be used to develop overall, inter-ramp and batter/berm configurations for PFS level economic pit optimisation studies as well as for preliminary engineered pit design.
8. A PFS level geotechnical report could then be produced which would include all of the factual data as well as the data interpretation and results of all the analyses carried out.

17 Mining Methods

17.1 Mining Operations

The mine plan for Ganajur Main deposit is based on mining by standard open pit methods using conventional truck and shovel equipment. It is currently assumed that this will be undertaken by a mining contractor who will be responsible for supplying all of the necessary supplies and equipment to operate the mine, as well as the skilled manpower to run the equipment. The contractor will be responsible for the physical mining that will take place on site including drilling, blasting, excavation and hauling of the ore and waste. DGML will however need to employ mining engineers for necessary design and planning purposes during operation.

The mine planning work for the scoping study was based on a resource model prepared by SRK as part of this assignment (Section 15).

The mine design work was conducted through the application of Datamine, NPV Scheduler and Surpac Vision software packages. This included block model manipulations, pit optimization, conceptual planning, and preliminary assessment level production scheduling. In addition to the block model, other data used for the mine planning included the annual targeted production, base economic parameters, mining and processing cost data, recommended preliminary pit slope angles from a scoping level geotechnical study, and estimated project metallurgical recoveries supplied by DGML.

17.2 Pit Optimisation

17.2.1 Introduction

As a part of the Scoping Study, SRK carried out an open-pit optimisation using Datamine / NPV Scheduler (NPVS) software packages to provide guidance as to the potential economic final pit geometries.

NPVS uses the Lerchs-Grossmann (LG) algorithm for determining the optimal shape for an open pit. The method works on a block model of the ore body, and progressively constructs lists of related blocks that should or should not be mined. The final list defines a pit outline that has the highest possible total value while honouring the required pit slope parameters. Pit shell optimisation is a static analysis that does not attempt to determine when a block of material will be mined and so it is not possible to consider the fact that prices, costs, capacities and recoveries may change over time.

The pit optimisation process was carried out on the SRK Resource Model that was developed in August 2011 which comprised both Indicated and Inferred Mineral Resources as defined by the JORC Code. The SRK Resource model also comprised of two types of mineralised bodies, namely the Oxide and Sulphide with the Rock Codes of 1 and 2 respectively.

Prior to export into NPV Scheduler software SRK modified its block model to introduce generic waste blocks and to assign Rock Codes and Bulk Density to the generic waste blocks as 0 and 2.9 respectively. Table 17-1 shows the general statistics for the NPVS models that were used for pit optimisation.

Table 17-1 : NPVS Model Statistics

NPVS Block Model Statistics	Model Origin	X	543,565
		Y	1,639,559
		Z	437
	Parent Block Size (m)	X	10
		Y	10
		Z	5
	Number of Blocks	X	105
		Y	82
		Z	25
Rock Type Statistics	Tonnage (tonnes)	Oxide[1]	701,263
		Sulphide[1]	2,135,531
		Generic Waste[2]	93,235,322
	Au Min (gpt)	Oxide[1]	0.34
		Sulphide[1]	0.13
		Generic Waste[2]	0
	Au Max (gpt)	Oxide[1]	17.13
		Sulphide[1]	19.06
		Generic Waste[2]	0
	Au Mean (gpt)	Oxide[1]	3.04
		Sulphide[1]	3.58
		Generic Waste[2]	0

Note:

[1] Tonnage and Grade of Oxide and Sulphide reported in the above table represent all the material within the geological block model at 0 cut off.

[2] Generic Waste represent the materials that were left outside the geological model and devoid of any gold. The tonnage of Generic Waste which is reported in the above table does not represent the waste material within the entire framework of the geological block model and therefore the reader should not consider the same for calculating stripping ratio.

17.2.2 NPVS Parameters

The NPVS Software requires multiple input data to run the optimisation process. Appropriate selection of optimisation parameters specific to Ganajur Main Project were derived by SRK based on its past experience in undertaking similar projects and following discussion with DESPL.

While it is expected that DESPL will further evaluate the actual process route and the planned capacity of its process plant and thereby the required mining production rate of Ganajur Main Project, at this stage SRK performed the pit optimisation based on DESPL's envisaged 600,000 tpa mining production rate.

SRK evaluated two options which are presented below:

- Option 1 – 600,000 tpa Truck-Shovel Contract Mining, Gravity-CIL cyanidation process. This was the assumed Base Case Option.
- Option 2 – 600,000 tpa Truck-Shovel Contract Mining, Gravity-Flotation-Roasting-CIL cyanidation process

Table 17-2 illustrates the parameters that were used for pit optimisation. It must be stressed that the parameters used for the NPVS pit optimisation exercise were considered before the final cost estimation had been completed and therefore do not exactly match those used in the financial analysis presented later in this report. The parameters are subject to revision upon completion of detailed cost studies to be undertaken in subsequent phase. In addition, SRK also used DESPL's mining lease boundary as geographic constrain for the optimisation to ensure the optimised pit boundary is restricted within the Company's legal tenement area. Based on the long term Gold Price projection, SRK considered US$ 1250/Oz as base price for optimisation during the mining study. The maximum Revenue Factor (RF) was set to 125% in order to examine the price sensitivity of the optimisation results. SRK also used 10% annual discounting in order to arrive at more practical Pit Values.

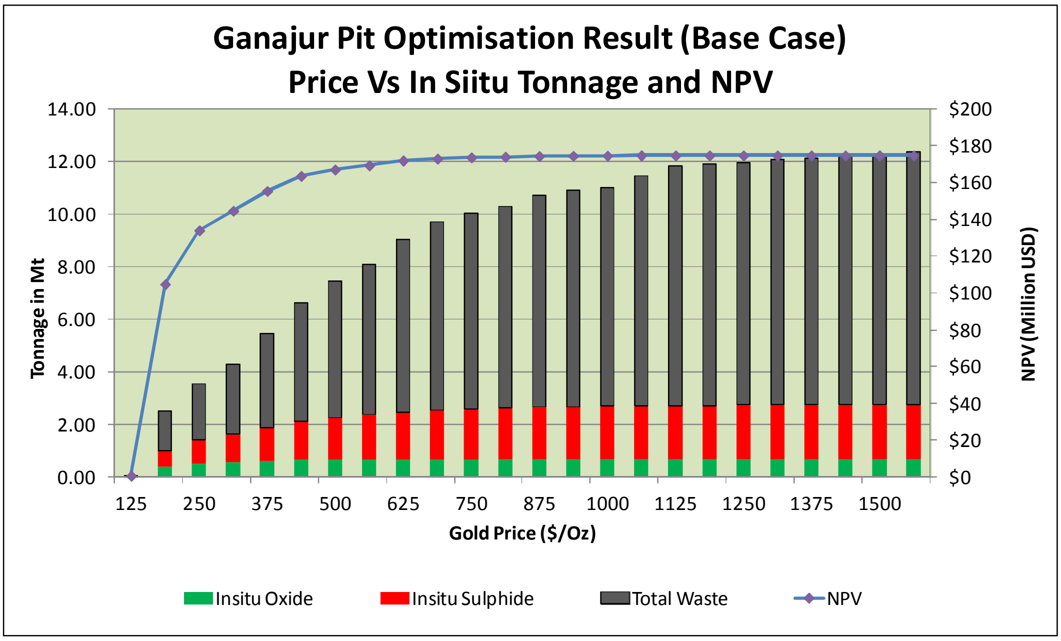
Table 17-2 : Parameter for Pit Optimisation

Parameter	**Unit**	**Option 1 (Base Case)**	**Option 2**
		Process Gravity/CIL cyanidation	Process Floatation-Roaster-CIL cyanidation
Price (US$ 1250/Oz)	(US$/g)	40.19	40.19
Selling Cost (Royalty +GA)	(US$/g	2	2
Reference Mining Cost	US$/t	1.5	1.5
Mining Dilution	(%)	5%	5%
Mining Recovery	(%)	95%	95%
Processing (CIL) Cost	US$/t	15	22
Metallurgical Recovery	(%)	77%	89%
Bench Adjustment	$/t/bench	0.01	0.01
Annual discounting	(%)	10%	10%
Production	tpa	600,000	600,000
Slope	degree	Table 16-11	Table 16-11

17.2.3 Optimisation Results

The pit optimisation results for the Gravity – CIL cyanidation option, which is considered as the base case, are presented in Appendix D. It must be stressed that the results reported in this section and in Appendix D are for information purposes only. If compared to the economic model (section 25), the NPV number will differ considerably given that multiple other inputs like for capital expenditure, taxes, duties, depreciation and other miscellaneous expenses were not considered during the optimisation process.

Figure 17-1 and Figure 17-2 illustrate the results achieved through the process of pit optimisation. While Figure 17-1 indicates that there is minimal sensitivity with respect to the Gold Price above US$1125/Oz, Figure 17-2 demonstrate that despite the higher processing cost, option 2 is expected to yield a 16% higher gold recovery than that of the Base Case.



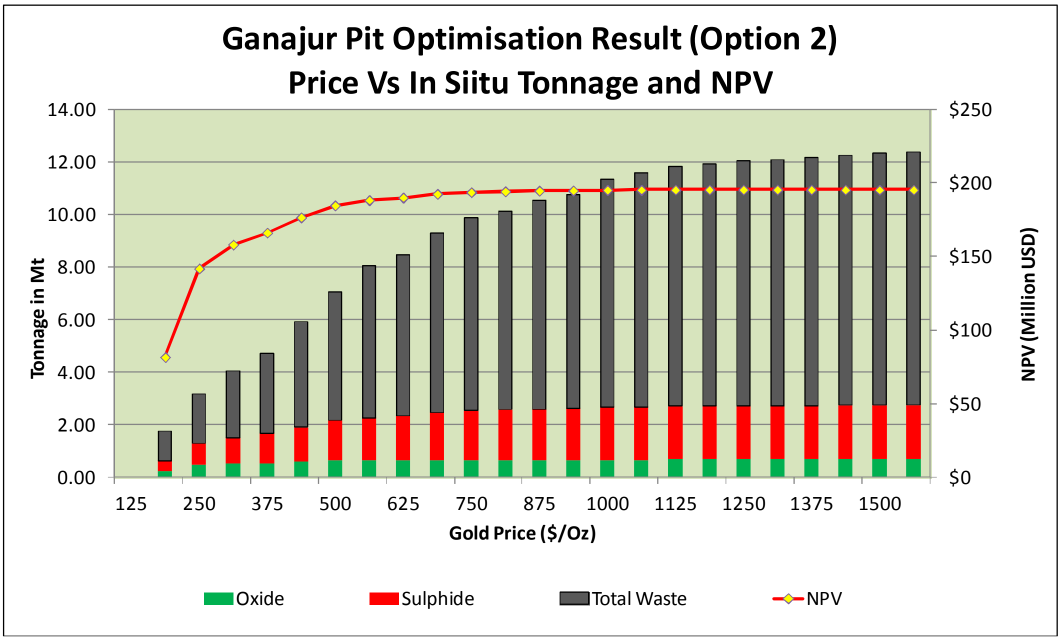
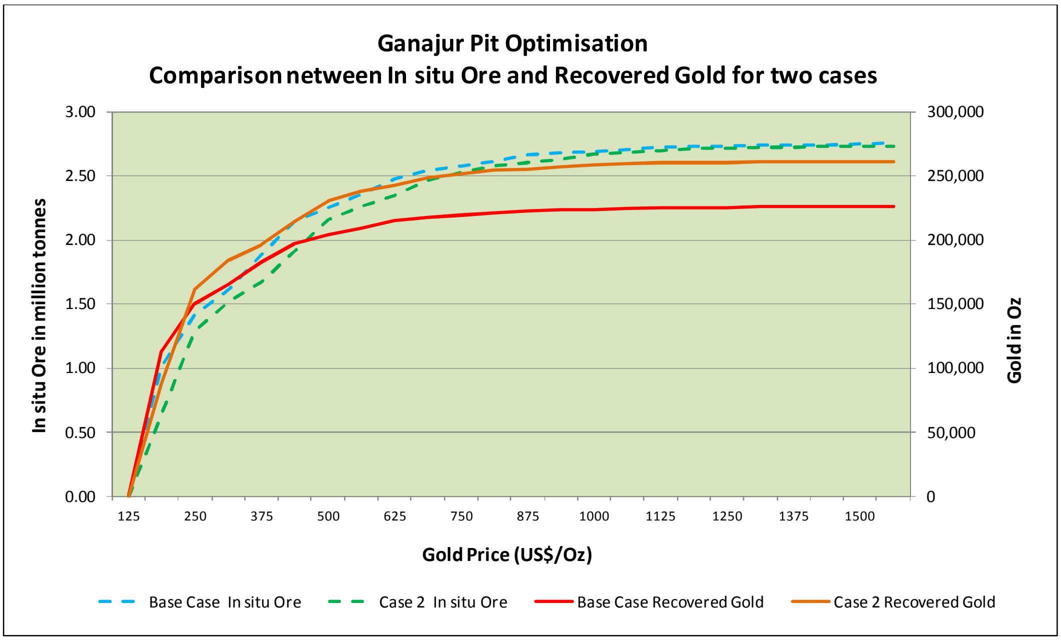


Figure 17-1 : Sensitivity Curve of Pit Optimisation Result



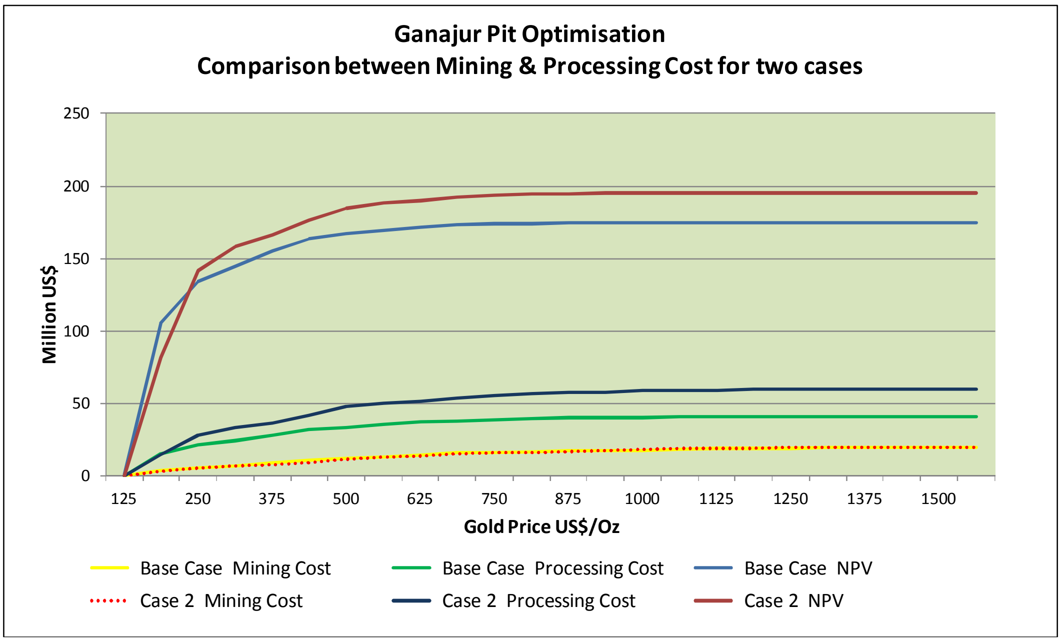
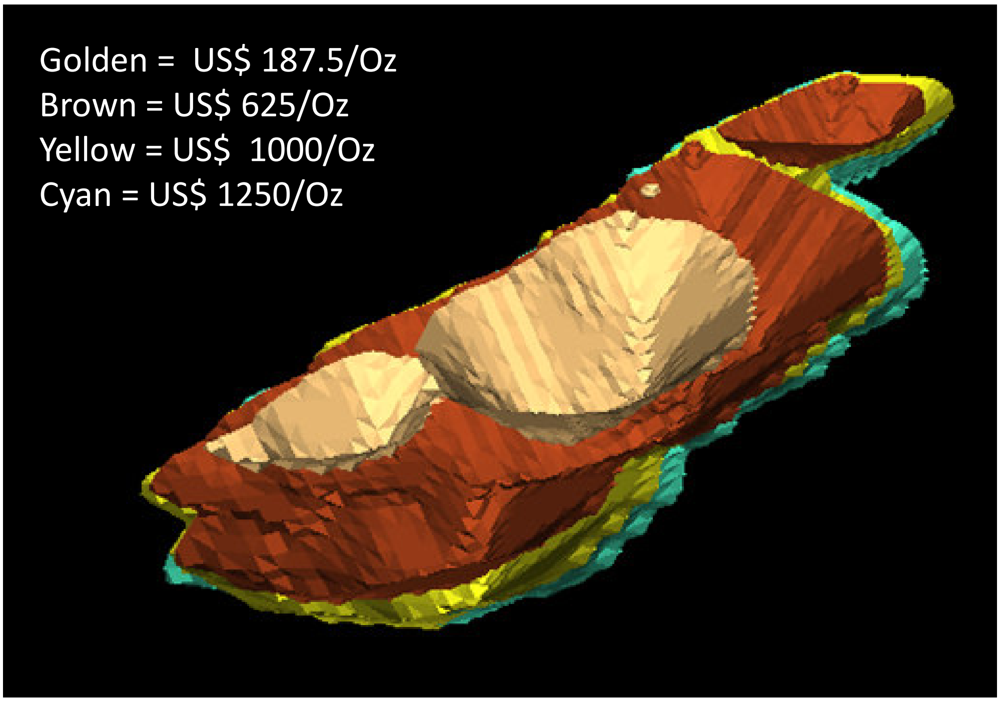


Figure 17-2 : Comparison between the In situ tonnage, recovered metal, mining and processing costs for the Base Case and Option 2

Notably, the optimised pits for both options are very similar despite the different processing cost and recovery. Given the limited nature of the mineralogical characterisation and metallurgical test works with regard to the Sulphide and Oxide materials separately, the estimation of Capital and Operating cost for both the process routes are conceptual in nature, and a comparative analyses of the potential environmental impact to be caused by the both the processing options is absent; at this stage SRK has not overruled any of these options. However, for the purpose of the Scoping Study SRK has considered the pit optimisation results that were derived for the Base Case parameters for further studies and a graphical representation of the Base Case pit shells are presented in Figure 17-3.



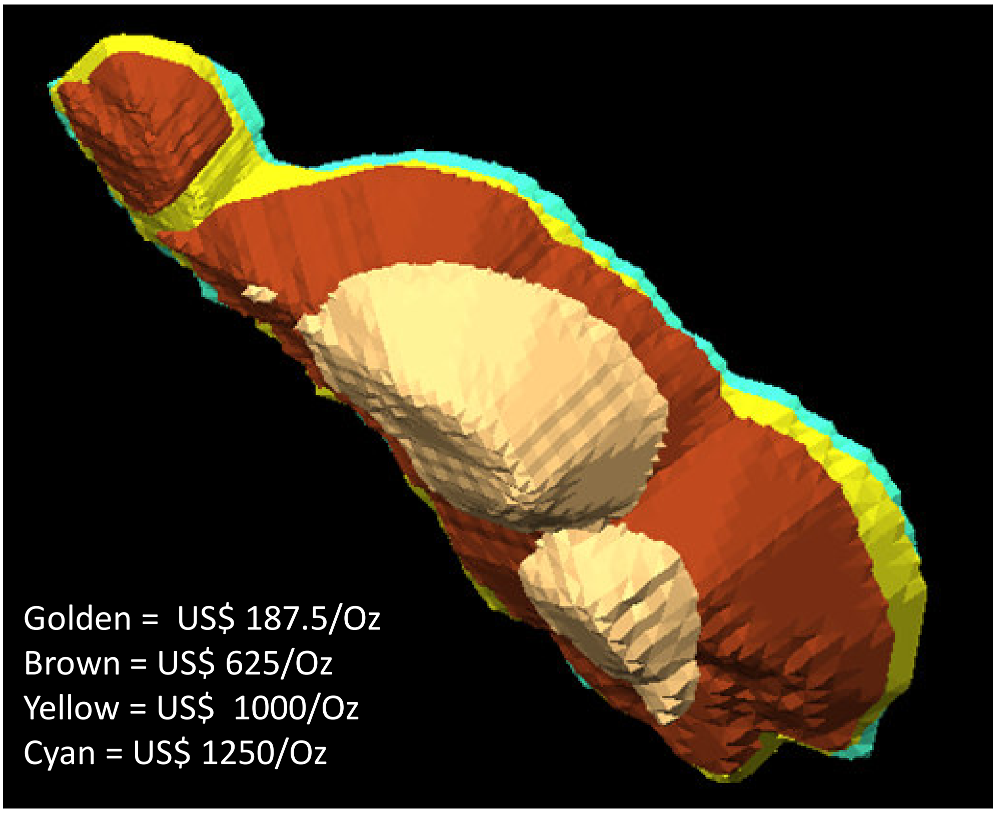


Figure 17-3 : Nested Pit Shells of Base Case

Given the preliminary nature of the study, no subjective selection of NPVS shells has been undertaken. The shells chosen for further analysis are the ones that returned the highest pit value; naturally, this occurs where the Revenue Factor (RF) = 100%. SRK notes that Pit Optimisation work would need to be refined during the next level of study, when the process route is finalised and cost and environmental aspects have been fully evaluated.

17.3 Pit Design

As mentioned above, SRK considered the Base Case optimised pit shell, that was derived at RF=1, as the ultimate pit for the practical pit design. SRK then used a combination of NPVS and Surpac Vision software packages for the pit designing.

The ultimate pit shell from NPVS software was exported to Surpac in the form of 3D wireframe and as elevation contours. The geological block model within the ultimate pt shell was also exported to Surpac. These together with DESPL's most recent topographic surface were used as principal input for pit designing.

The design process was based on viewing the NPVS shell in horizontal planes at increments common with mining benches spaced at 10 m intervals determined by bench heights in the model. The final pit floor outline was digitised at 467 m level, the depth at which the ore body starts splitting and pinches further down. Multiple LoM pit ramp configurations were simulated including the best starting point on the lowest pit floor. Benches and associated ramps were then designed bench to bench. The geotechnical pit wall slopes assumed during the design are given below in Table 17-3.

Table 17-3 : Geotechnical Parameters used in Pit Design

Weathering Grade	Depth below Surface (m)	IOSA (°)
Weathered	0 – 15	38
Transition	15 – 25	41
Un-weathered	25 - 110	46

Other parameters considered during the design were;

- A minimum mining width of 15 m to 20 m to incorporate the mining fleet; and
- a haul ramp design at 1 in 16 gradient;

A practical pit design based on the above parameters was generated and is shown in Figure 17-4. The variance between the designed and optimised pit boundaries was found to be within the acceptable limit. A sectional view of the Ganajur Main pit design is presented in Appendix E. The colours show grade distribution of the deposit at a particular section line along the length of the pit.

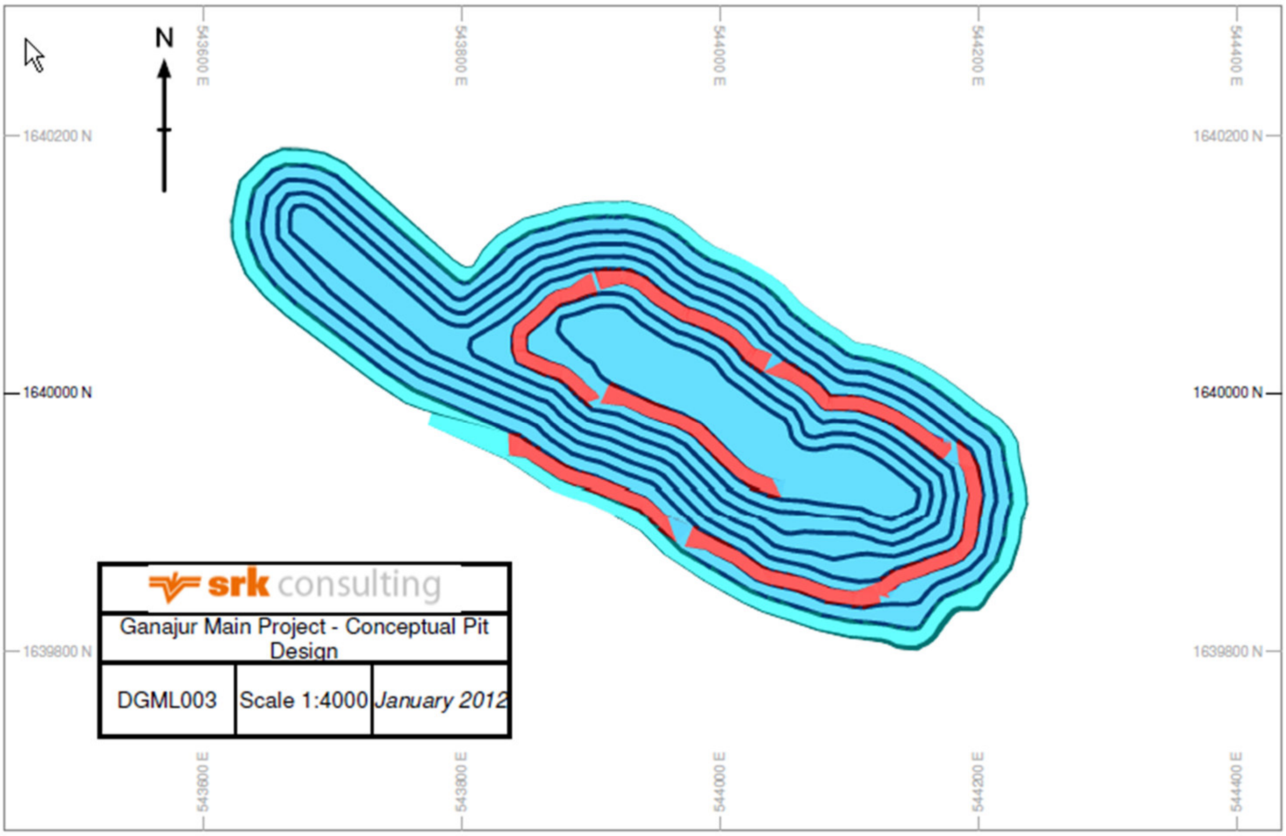


Figure 17-4 : Plan View of Ganajur Main Pit Design

17.4 Production Schedule

17.4.1 Tonnage and Grade

SRK imported the designed pit into Datamine software and the derived the tonnages and grade of material above the appropriate mining cut-offs, namely the breakeven cut-off grade and the marginal cut-off grade.

The breakeven cut-off grade takes into account all mining and processing costs and represents the minimum grade of material that should be mined in order to pay for all mining and processing activities, including the mining of waste material to access the material in question. The marginal cut-off grade represents the minimum grade of material that should be mined in order to pay for processing costs only. This assumes that the material has been mined as waste in order to reach higher grade material below it. Typically, this would be stockpiled and treated in periods where there is insufficient higher grade material being mined, or at the end of the mine life when all of the higher grade material has been depleted. The material with a grade above the marginal cut-off grade but below the breakeven cut-off grade is generally referred to as low grade or marginal material.

For Ganajur Main project SRK considered the following cut offs based on the NPVS results and input parameters.

- Breakeven Cut Off – 1.0 gpt Au
- Marginal Cut off – 0.5 gpt Au

Based on the above considerations, the tonnage and grade of the material within the designed pit is presented in Table 17-4.

Table 17-4 : Tonnage and Grade of the materials within the designed pit

Ore[1] Tonnes 2	Ore Au Grade 2	Marginal[3] Tonnes	Marginal[3] Au Grade	Waste Tonnes
2.43 Mt	3.67 g/t	0.09 Mt	0.82 g/t	9.16 Mt

Note:

[1] For this study the total Mineral Resource, which was reported by SRK in August 2011 was considered. Some 4% of it has been classed as Inferred. Figures represented in the above table should not be read as Ore Reserves.

[2] Ore Tonnes referred in the table above reflects the materials with Au grade higher than 1.0 g/t

[3] The Marginal Tonnes represent the materials with Au grade between 0.5 - 1.0 g/t

17.4.2 Mining Schedule

SRK produced a mine production schedule based on the resource block model and designed pit. Given the DESPL's target production rate of 600,00 tpa, the maximum Life of Mine (LoM) is about five years. Based on the above consideration, a meaningful LoM and minimising the stripping ratio, SRK produced the mining schedule for Ganajur Main project. Table 17-5 presents the scheduled in-situ tonnage and grade of the materials within the designed pit. Figure 17-5 presents the graphical representation of the year wise production schedule.

Table 17-5 : Scheduled In-situ Tonnage and Grade

Year	Ore[1] tonnes	Marginal [2] tonnes	Total Waste tonnes	Strip ratio	Ore [1]Au g/t	Marginal [2]Au g/t
1	591,908	8,892	1,526,801	2.59	3.59	0.8
2	559,900	40,843	2,745,409	4.98	3.77	0.86
3	575,612	25,366	2,576,333	4.52	3.68	0.82
4	585,545	14,800	1,932,971	3.33	3.69	0.81
5	117,887	3,804	379,618	3.25	3.45	0.66
Total	**2,430,853**	**93,704**	**9,161,132**	**3.81**	**3.67**	**0.82**

Note:

This study includes the Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Ore Reserves.

[1] Ore Tonnes referred in the table above reflects the material with Au grade higher than 1.0 g/t

[2] The Marginal Tonnes referred in the above table represent the material with Au grade between 0.5 - 1.0 g/t

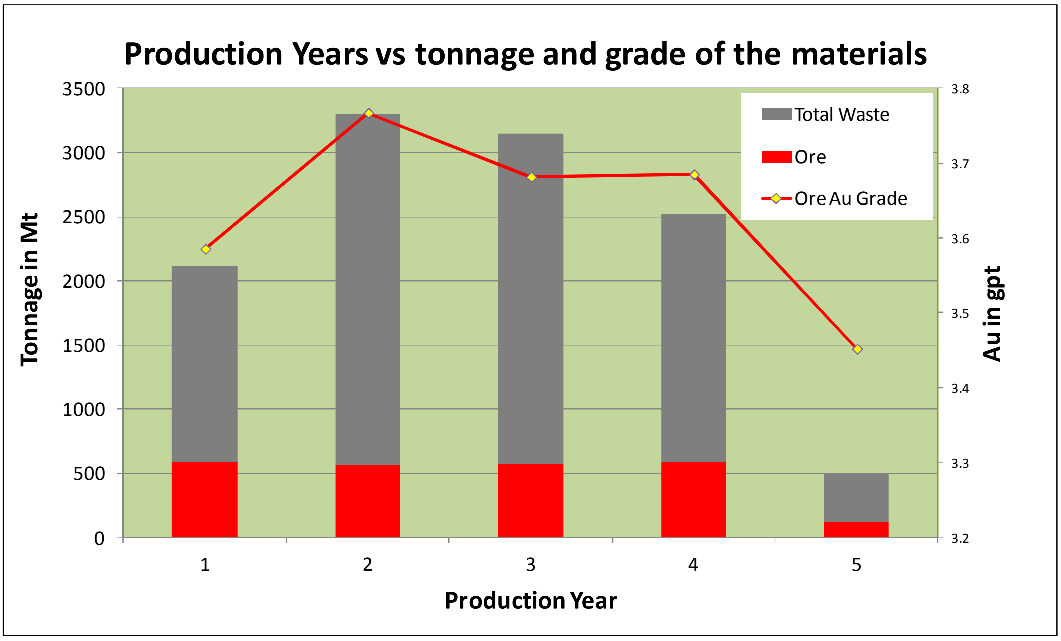


Figure 17-5 : Total Material Mined

For now the marginal material of 0.09Mt (93,704t) is proposed to be stockpiled and not processed. However, this schedule is preliminary in nature and this should be re-assessed as part of any pre feasibility study.

SRK notes that no adjustments have been made to reflect the impact of mining dilution on the projected mined grades (Table 17-5) as it considers that the grade distribution in practice will not be as smoothed as interpreted here and that it will possible to mine at the in situ grade. This issue, and in particular the continuity of grade over short distances, should be investigated further during pre-feasibility study

17.5 Mining Equipment

The base assumption for the economic analysis is that a contract workforce will be used for the mining operations. This seem to be a logical choice given the short mine life.

Initial studies suggest that the loading units will be 3 m^3 shovels which would match better with 35t dump trucks. These are a reasonable combination for the volume of material scheduled in each period. The drilling of both ore and overburden benches would be done by deploying compressed air operated DTH drill rigs. Allowances have been made for auxiliary equipment including pay loaders, track dozers, water trucks, cranes, service van and explosive vans. At this stage, no indication of specific numbers of these machines has been provided; however, given the assumption of a mining contractor, this is not critical at this stage of the study.

17.6 Mine Workforce

SRK has made a preliminary estimate of manpower requirement at 121 to estimate the operating cost. This includes mine managers, foreman, surveyor, geologists and operators.

18 Waste Disposal

18.1.1 Waste Rock Dump

A provisional waste dump site has been identified towards the south-west of the mining area (Figure 20-1). The site proposed at this stage is expected to hold 3.95Mm^3 of waste rock though additional work will be required to confirm this. The proposal is to build a stable dump facility located in close proximity to the proposed mine site and away from drainage features. Access road to the dump will be built in accordance with sound engineering practice. Construction material characterization and geochemical assessment will be completed on the anticipated waste rock types prior to mining. This will ensure appropriate designs are incorporated into the dump. Appropriate procedures will be implemented to control dump construction activities. SRK recommends that a sterilisation drilling programme is undertaken before any further waste dump planning is considered. This should also be extended to other surface footprint areas including the tailings storage facility (TSF) and process Plant.

19 Mineral processing and Metallurgical testing

19.1 Metallurgical Testwork carried out by IBM

In 2005, DGML commissioned the Indian Bureau of Mines ("IBM") to undertake a study to determine whether gold was present in free form, and if so the quantum of free milling gold, and to propose a suitable method for the commercial processing of the ore.

Petrographic studies undertaken as part of this revealed the presence of free gold grains of 12 to 16 microns in size. The sample also contained about eight to 10 percent pyrite and two to three percent arsenopyrite. Quartz was the main mineral present in the sample which constituted about 40 to 45 percent. Siderite was the next major mineral constituting about 25 to 30 percent. Electron Probe Micro Analyzer ("EPMA") studies showed the presence of very fine native gold grains occurring in pyrite and arsenopyrite. Also very fine grains of native gold of two to three microns in size were noticed in silicates. Bottle roll cyanidation tests were carried out on the sample. Direct cyanidation of gold ore at 325 mesh size resulted in a recovery of 78 percent gold in the solution. Residue after cyanide leaching assayed 1.23 gpt of gold. An additional recovery of 3.8 percent gold could be achieved on pre-oxidation of the residue after the removal of free milling gold, followed by cyanidation. Results of the tests indicated that the residue loss was mainly due to the occurrence of gold as fine specs in silicates. Table 19-1 summarizes the test parameters and the results undertaken by IBM in 2005.

Table 19-1 : Summary of Metallurgical Test by IBM in 2005

Process conditions	
Grid	325 mesh
Slurry pulp density	50% solids
pH	11(employing lime)
Sodium cyanide quantity added	0.83 kg/tonne of ore
NaCN concentration in the slurry (initial)	0.42%
NaCN consumption	about 0.5 kg/tonne of ore
Reaction time	24hours
Results	
Gold recovery	78%
Tailing assay	1.23 g/t Au
NaCN consumption	about 0.5 kg/tonne of ore.

19.2 Metallurgical Testwork undertaken by AMMTEC

19.2.1 Introduction

In 2011, a composite sulphide gold ore sample, prepared from 175 kg of quarter cut drill core samples and 20 kg of RC samples, was submitted to ALS Ammtec in Australia to conduct a defined program of metallurgical test work focused on various analyses including, grindability, mineralogy, recovery of gold by gravity methods, flotation recovery and cyanidation tests for the recovery of gold. The results of this test works are presented in data reports by ALS

Ammtec released in July and September 2011 but some salient test data are summarised below;

19.2.2 Abrasive Index

A sub-sample of the Sulphide Ore Composite was screened at 12.7 mm, with only the -19+12.7 mm fraction required for the abrasion test work. The composite sample was tested to determine the abrasion index value using the standard procedure developed by F.C. Bond. The Bond Abrasion Index (Ai) was determined to be 0.5006

19.2.3 Ball Mill & Rod Mill Work Index

These tests were carried out in ball and rod mill with closed circuit grinding and the feed sizes as mentioned in the table below. Table 19-2 summarizes the findings;

Table 19-2 : Summary results

Particulars of Mill Parameter	Ball Mill (700 mls)	Rod Mill (1250 mls)
Product in the Feed in (%)	10.9	8.57
Bulk Density, (t/m3) of feed material	2.1739	1.9923
Ideal Potential Product (g) or Feed during the test	434.8	1245.2
Speed of the Ball Mill in RPM	5.82	5.2
Average Equilibrium Circulating Load (%)	250	100
Average Product (g/rev)	1.11	3.651
Slurry Density	50%	50%
80 % Passing Feed Size in (µm)	2446	11378
80 % Passing Product Size in µm (mesh)	81 (185)	725
Reduction ratio	30	16
Ball/Rod Mill Work Index (Kw Hrs/Dry Tonne)	16.9	21.5

19.2.4 Determination of Head Assays

Some important head assays of the ore were as follows:

Table 19-3 : Head assays

Au- 6.7 g/t	Ag- 1.0 g/t	As -5080 ppm	Fe- 19.9%
SiO2- 48.2%	Al -1.72%	Ba- 100 ppm	Bi < 10 ppm
C, total -4.23%	C, organic- 0.27%	Ca- 1.60%	Mg -1.20%
Mn -700 ppm	Na- 1520 ppm	Ni -360 ppm	Pb -30 ppm
S, total-4.94%	S, sulfide- 3.92%	Cd -5 ppm	Cr -40 ppm

The mineral mass percent in the ore were as in the Table 19-4 below:

Table 19-4 : Mineral mass percent

Au	Traces	Carbonates	15.98
Micas	7.94	Minor Sulphides	0.57
Ag	Not detected	Magnetite	14.93
Chlorite	1.89	Minor phases	0.42
Quartz	48.21	Pyrite	7.55
Feldspars	1.38	Unknown	0.44

The variability in the gold grade indicates the presence of coarse grained gold in the ore. Arsenic levels are moderate, increasing the possibility of gold locked in ultra-refractory mode in solid solution with minerals such as arsenopyrite. Sulphide levels indicate the ore originates from a fresh mineralisation. Base metal levels are relatively low, reducing the possibility of excess cyanide consumption through complexity with these minerals. Antimony and tellurium levels are relatively low, reducing the possibility of refractory gold locked in these minerals.

19.2.5 Mineralogical studies

A sub-sample of the Sulphide Ore Composite was utilised for mineralogical examination, to investigate gold liberation and mineral associations. An ore sample was separated into Khelson Gravity Concentrate and tails. The concentrate was further upgraded by hand panning and rejects were recombined to tails. This work indicated that:-

- The gold occurs primarily as weakly argentian native gold
- A dominant proportion of the gold is fine and encapsulated in pyrite grains.

Full quantification of gold deportment and locking characteristics were not achievable due to small numbers of detectable grain of interest in a single polished mount.

19.2.6 Multistage Sequential Diagnostic Gold Analysis

The distribution or deportment of gold in various minerals was determined by a series of selective leaches, usually by increasingly stronger oxidative acid leaches. Between each stage, cyanide leaching was used to extract the released gold. In the study a total of eight analysis stages were carried out on a sub-sample of the Sulphide Ore Composite.

Table 19-5 : Multi-stage sequential diagnostic gold analysis

Sl. No.	Particulars of Diagnostic Analysis	% of Recovery
1	Intensive Leach On Gravity Concentrate	44.96
2	Direct cyanidation leach for cyanidable gold	10.76
3	Dilute HCl Digest and Cyanidation for carbonate locked gold	1.42
4	Dilute HNO3 Digestion and Cyanidation for arsenical mineral (arseno-pyrite) gold	2.45
5	Aqua Regia Digestion for pyritic sulphide mineral gold	19.44
6	Total Fire Assay Smelt for silicate (gangue) encapsulated gold	20.97
7	Total in Sample	100

It is inferred that a significant proportion of the gold in the Sulphide Ore Composite (~40%) was locked in pyritic and silicate minerals. Gold in such modes were considered refractory which were not easily leached by conventional cyanidation

19.2.7 Grinding, Gravity separation/Direct cyanidation and Gravity separation/CIL cyanidation

Three tests were undertaken to ascertain the recovery of gold as follows.

- Grinding the ore to P80 – 75µ and subjecting it to gravity recovery (in Knelson concentrator) and cyanidation of the gravity tails. In this case the CIP method was used for gold extraction
- Grinding the ore to P80 – 75µ and subjecting it to gravity recovery (in Knelson concentrator) and cyanidation of the gravity tails. In this case the CIL method was used for gold extraction. Oxygen sparging was resorted to in leaching
- Grinding the ore to P80 – 38µ and subjecting it to gravity recovery (in Knelson concentrator) and cyanidation of the gravity tails. In this case the CIL method was used for gold extraction. Oxygen sparging was resorted to in leaching

The results from the above test works are summarized in Table 19-6 below.

Table 19-6 : Results summary (Gravity separation/CIL Cyanidation)

Sl. No.	Product/ Particulars about the Test	Tests		
		Direct Cyanidation	CIL Cyanidation Grind 75 (µm);	CIL Cyanidation Grind 38 (µm);
1	**Recovery**			
1.1	Gravity gold	23.51%	25.34%	27.54%
1.2	Cyanide leaching	9.25%	51.59%	49.74%
1.3	Overall recovery	32.76%	76.93%	77.28%
2	**Other Parameter**			
2.1	NaCN Consumption (kg/t)	0.75	3.02	2.81
2.2	Lime Consumption (kg/t)	1.09	0.54	0.49

There was marginal improvement in metal recovery with finer grinding size and also a marginal reduction of cyanide and lime consumption.

19.2.8 Grinding, Gravity separation, Flotation, Roasting & CIL cyanidation

A further three tests were undertaken to ascertain the recovery of gold as follows;

- Grinding the ore to P80 – 75µ and subjecting it to gravity recovery (in Knelson concentrator) followed by flotation of the gravity tails
- Grinding the ore to P80 – 75µ and conducting bulk sulphide flotation. Roasting the flotation concentrates and cyanidation of the washed calcines. The CIL method was used for gold extraction. Oxygen sparging was resorted to in leaching
- Grinding the ore to P80 – 75µ and conducting bulk sulphide flotation. Intensive cyanidation of the flotation concentrates. The CIL method was used for gold extraction. Oxygen sparging was resorted to in leaching

The results of the above tests are summarized in Table 19-7 below.

Table 19-7 : Results summary (Bulk flotation concentrate test work)

Sl. No.	Product/ Particulars about the Test	Tests		
		Gravity recovery (in Knelson concentrator) and Flotation of the gravity tails	**Bulk sulphide flotation, roasting the flotation concentrates and CIL cyanidation**	**Bulk sulphide flotation, Intensive cyanidation of the flotation CIL concentrates**
1	**Recovery**			
1.1	Gravity gold	18.43%	NA	NA
1.2	Flotation:	76.55% (a weight yield of 16.6%)	95.46% (Bulk Flotation)	95.46% (Bulk Flotation)
1.3	Cyanidation CIL of Calcines	NA	93.40%	73.02%
	Overall recovery	94.98%	89.16%*	69.70%**

*Consumption of NaCN and lime are 3.82 and 7.51 kg/ t respectively, **Consumption not noted

19.3 Implications

Results of the test work described above indicate that Gravity gold recovery would be between 22-28% and that intensive leaching of the ore would have to be resorted to maximize the recovery. It also indicates that high grade concentrate could be produced by flotation and oxidation of sulphides in the ore prior to cyanidation which can improve gold recovery.

The initial test -work indicated that a relatively high (~77%) recovery was achieved under CIL conditions with the initial production of gravity concentrate. This regime is recommended as the “baseline” test condition for this study and should be tested on range of samples subsequently. Improving the gold recovery over the baseline figure will involve the production of a flotation concentrate and the subsequent processing of such concentrate.

19.4 Conceptual Flow sheet Options

19.4.1 Introduction

Based on the laboratory test results, DESPL developed two alternative preliminary process flow sheets for the Ganajur Main project, each of which has its own strengths and weaknesses in the context of the project’s specifics. These are discussed below. At this stage there is insufficient data to conclusively rule either of these options out.

19.4.2 Crushing – grinding – gravity – CIL Route

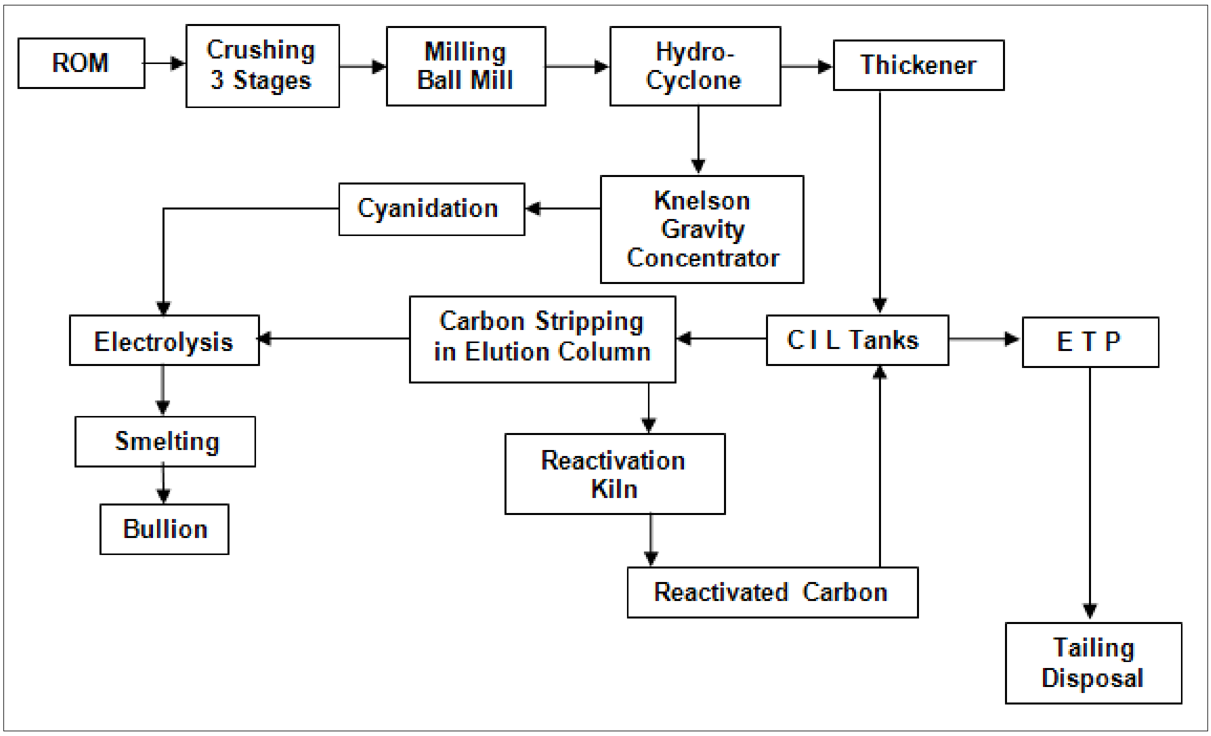


Figure 19-1 : Simplified process flow sheet (base case)

This process (Figure 19-1) would commence with the crushing of the ROM ore to < 20 mm through three stages of crushing followed by grinding in a wet Ball Mill. The hydro-cyclone classifier underflow would be passed through a Knelson Concentrator to recover gravity gold. The Knelson tails would be gravitated to Ball Mill for regrinding.

The ground ore would then be classified through a hydro-cyclone, and the overflow with required fineness (i.e., 80% passing 75 microns) taken to a thickener for thickening the slurry to 50% pulp density. The thickened pulp would then be pumped to the CIL tanks for cyanidation and carbon loading. After leaching for 48 hrs the spent pulp would be sent for effluent treatment plant (ETP) and then pumped to tailing dumps.

The leaching circuit would consist of a single pre-leach tank and adsorption tanks (containing activated carbon), a process is known as carbon-in-leach (CIL). The slurry would gravitate across a trash screen into the agitated leaching tanks. Lime would be added to increase the slurry pH then dilute sodium cyanide solution added. Compressed air would then be pumped into each tank to provide oxygen to permit the dissolution of gold into cyanide complex. Activated carbon granules would adsorb the dissolved gold from solution. Carbon that has a high gold content is termed "loaded" and this would be transferred to the elution circuit for recovery of the gold on a batch basis.

The gold loaded carbon from the CIL tanks would then be taken to elution columns and stripped of its gold in hot alkaline cyanide solution and the pregnent liquor passed through electrolytic cells for gold deposition on steel wool cathodes.

The cathodes would be removed periodically and acid treated to remove gold and then smelted in tilting furnace with borax and sand and poured as bullion bars.

In summary, the broad process would be as follows

- 3 stages of crushing ROM to -20 mm
- 1 stage milling to grind P80 = 75 microns
- Gravity separation by Knelson in grinding
- Cyanidation & CIL of entire ground slurry
- Carbon stripping-electrolysis-smelting-Bullion

This process route is simple and obviates emission and environmental problems, with gold recovery of ~77%.

19.4.3 Crushing – grinding – flotation – roasting – CIL Route

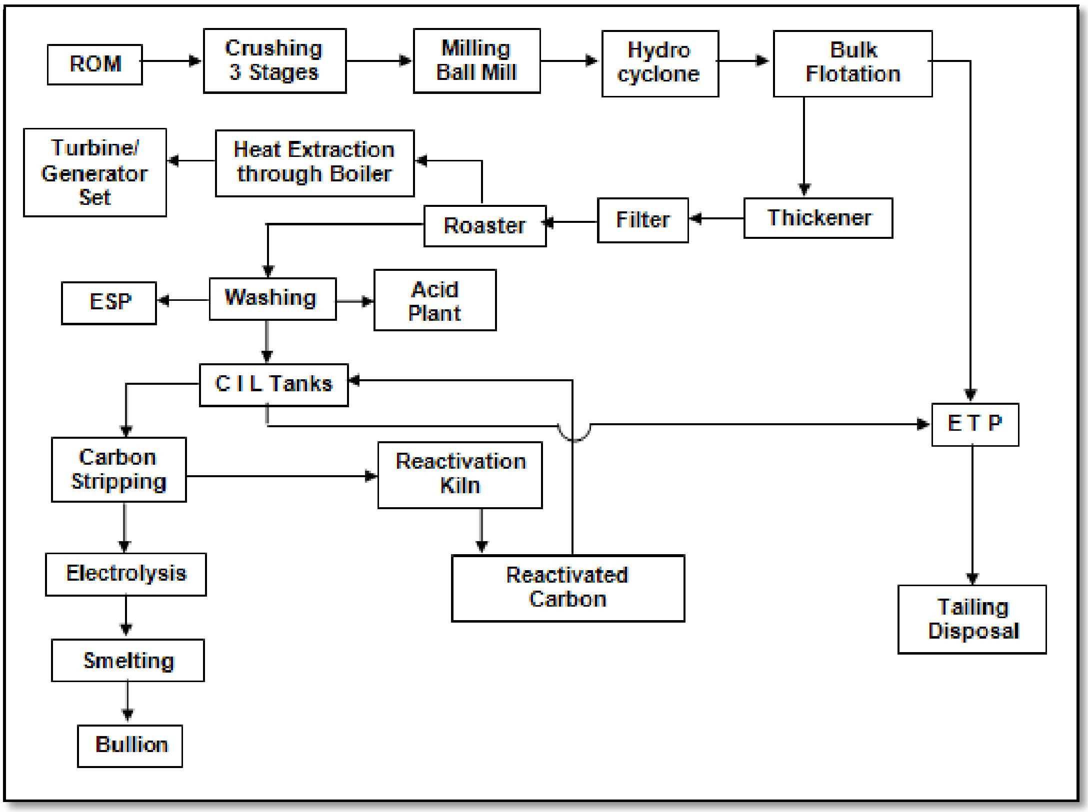


Figure 19-2 : Simplified process flow sheet (flotation-roasting-CIL Cyanidation)

This process (Figure 19-2) consists of flotation and oxidation of the flotation concentrate prior to cyanidation. . Initially the ore would be crushed to < 20 mm in three stages of crushing and then ground in a wet Ball Mill. The hydrocylone classifier overflow is sent for flotation and the flotation concentrate is then sent to a thickener and then to a filter for dewatering.

The filter cake is roasted in a calciner/roaster. The temperature inside the roaster is maintained at two different levels viz., 550ºC and 700ºC to drive off arsenic as arsenic oxide and sulphur as SO2.

The calcined mass would then washed and then transferred to CIL tanks for cyanidation and carbon loading. After leaching for 48 hrs the spent pulp would be sent to the effluent treatment plant (ETP) and then pumped to tailing dumps.

The gold loaded carbon from the CIL tanks would then be taken to elution columns and stripped of its gold in hot alkaline cyanide solution. The pregnant liquor would be passed through electrolytic cells for gold deposition on steel wool cathodes. The cathodes would be removed periodically and acid treated to remove iron and then smelted in tilting furnace with borax and nitre and soda ash and poured as bullion bars.

In summary, the broad process would be as follows

- 3 stages of crushing ROM to -20 mm
- 1 stage milling to grind P80 = 75 microns
- Flotation of Entire slurry & Tailing Disposal
- Thickening & Filtering of the Flotation Concentrates.
- Roasting of Flotation Concentrates and Washing
- Cyanidation of Calcines
- Carbon stripping-electrolysis-smelting-Bullion

From an equipment perspective, this option may be more expensive than the first CIL option, mainly due to the more complex circuit. Moreover, there has to be a gas cleaning and washing system which is to be included as Cyclone and ESP as per MoEF norms. An acid plant is also required to utilize the SO_2 following roasting. This system may also require a boiler for extraction and utilization of the heat from roasting for steam generation and a Turbine Generator set. Similarly, while the operating cost is increased due to the addition of flotation reagents, the cyanide consumption, typically the largest single operating cost in a cyanidation circuit, will be much lower on a per tonne of RoM basis as the cyanide is only consumed by the flotation concentrate.

The gold recovery would also likely be higher at around 89%.

19.5 Recovery and Cost Estimates

For the purposes of the Scoping study financial model, estimates have been made of the capital and operating costs for 2000tpd processing plant, considering the Gravity-CIL cyanidation operation as the “baseline” case. While the Floatation-Roasting-Cyanidation option is expected to return higher recovery, there is question mark on this project with a short mine life to be able to carry a high initial capital investment which is expected of the option. However, further studies are recommended to investigate ways to improve gold recovery (Section 19-10)

19.6 Equipment Selection

DESPL has developed an equipment list which was reviewed and updated for the project. Plant capital expenditure has been based on new equipment. Major process equipments considered are given in Table 19-8 below.

Table 19-8 : Major process equipment (indicative list)

Sl. No.	Particulars of Equipment	Specification	Nos.	Drive Kw
1	Primary Jaw Crusher	60 x 48"	1	180
2	Secondary Cone Crusher	4 1/4 Ft.	1*	132
3	Tertiary Cone Crusher	4 1/4 Ft.	2*	132
4	Vibrating Feeder	3 x 6 Ft.	4	5
5	Double Deck Screen	6 x 16 Ft. 40x40, 12x20 mm	1	37
6	Single Deck Screen	6 x 16 Ft. 12x20 mm	2	37
7	Fine Ore Bin	3000 t	1	--
8	Belt Feeder	2 x 6 Ft.	4	2.5
9	Ball Mill - Overflow type	14 x 16 Ft.	2	1000
10	Hydrocyclone	15 " Krebs	6*	--
11	Knelson Concentrator	30 "	2*	22
12	Cyclone O/F Thickener	40 dia x 11 m	1	5
13	CIL tanks	11 dia x 11 m	7*	32
14	Carbon Reactivation Kiln	75 Kgs/hr = 0.8 dia x 4 m	1	7.5
15	Elution Column		1*	
16	Electrolytic Cell		1*	
17	Muffle Furnace		1*	
18	Tilting Smelting Furnace		1*	
19	Slurry Pumps (Mills)	10" / 8" Centrifugal Pump	2	110
20	Vertical Sump Pump	15 m3/hr slurry	4	15
21	Thickener pumps	160 m3/hr @ 1.36 PSG	2	27

*Imported Equipment

Besides, the auxiliary system and associated equipment, the additional equipment which would be required and which was considered in estimating the capital expenditure were:-

- Dust Control System
- Reagent preparation & delivery system
- Compress Air System
- Ventilation & AC System
- Material Handling Facilities
- Effluent Treatment Plant
- Tailing Disposal System (Pumps & piping)
- Water clarification, treatment, recirculation system
- In plant Piping & valves
- Fire Fighting
- Laboratory equipment
- Office Equipment

Also, the cost for Power distribution & illuminations system, Instrumentation, automation & control equipments and Civil& structural works were considered.

19.7 Capital Cost

A capital cost of US$32.93million for a 2000tpd plant has been estimated following a review of the report prepared by DGML. Table 19-9 summarizes the assumed capital cost of the gold processing plant:

Table 19-9 : Process capital cost summary

Sl. No.	Items/Equipment	US$ Million
1	Crushing & Grinding	7.53
2	Process equipment like Gravity separation, CIL cyanidation, carbon stripping electrolysis-smelting-Bullion	2.91
3	Auxiliary System/equipment & as mentioned above & laboratory & office Equipment	5.22
4	Power distribution, instrumentation, civil & structural works	7.52
5	Freight & insurance, detailed engineering, project management& site service , installation & commissioning etc.	9.74
	Total Capital Cost for Process Plant (US$M)	**32.93**

19.8 Operating Cost

SRK has reviewed the consumable requirement for a plant of 2000tpd, estimated the manpower requirement and requirement for power and water and generated a process operating cost estimate which is summarized in the table below:

Table 19-10 : Process operating cost summary

Sl. No.	Operating cost Item	Operating Cost (US$/t ore)
1	Consumable	11.39
2	Power	2.92
3	Man Power	3.13
4	Repair & Maintenance	1.45
5	Miscellaneous	0.94
6	Total Cost	19.84

Power consumption is estimated at 35Kwh/t. The process plant manpower requirement would be in the order of 235 persons including operator, fitters, helper, supervisor & engineers. Cost for plant repair and maintenance is considered based on capital requirement for the process plant.

19.9 Recoveries

For the purpose of this study, the following assumptions have been made regarding gold recoveries:

Table 19-11 : Recoveries used in Mine Design and Financial Models

Ore Type	Gold Recovery (%)
Oxide	77%
Sulphide (Primary ore)	77%

These assumptions take cognizance of the test work results summarized above and the capital requirement for a mine with short project life.

19.10 Recommended Metallurgical Testwork

SRK has recommended that additional metallurgical test work is undertaken as part of any PFS and that the following should be considered in planning this.

Samples

Testwork should be conducted on a range of samples that represent the variability of the ore body as it is currently understood. This variability may include lateral extent across the ore body, depth, degree of oxidation, grade or other factors.

Testwork

The initial testwork indicated that a relatively high (just under 80%) recovery could be achieved under CIL conditions with the initial production of a gravity concentrate. This regime is therefore recommended as the "baseline" test condition, and should be conducted on each sample.

Improving the gold recovery over the baseline figure will involve the production of a flotation concentrate and the subsequent processing of that concentrate. Similar flotation testwork should be conducted on each subsequent sample to be tested, with the aim of producing a high recovery concentrate and a "throw away" flotation tailing, however in any cases where a low grade tailing cannot be produced, the flotation tailing should be cyanide leached to determine the potential additional recovery from this stream (or conversely the potential gold loss in discarding this stream).

There are a number of potential process routes for the flotation concentrate. Roasting, as was tested initially, is unlikely to represent the most cost effective means of effecting what is a relatively modest overall increment in gold recovery, at least based on the behaviour of the initial sample tested. The recommended process options are:

- Ultrafine grinding (for example to 80% -10 mm) followed by CIL cyanidation;
- Bacterial oxidation - this has the potential to produce similar results to roasting, but is likely to represent be a lower capital cost option for a project of this scale);
- Albion Process - a proprietary process developed by Xstrata and marketed by Core Resources (www.albionprocess.com) that combines ultrafine grinding with sulphide oxidation at atmospheric pressure; if successful this is likely to present a lower cost than bacterial leaching; and
- Leachox, a proprietary process developed and marketed by Maelgwyn Mineral Services (www.maelgwyn.com/leachox.html); an "enhanced cyanidation" process also involving ultrafine grinding, and again a lower cost alternative to bacterial leaching.

Testwork for the Albion Process and for Leachox must be conducted under the auspices of the respective marketing companies, however the other testwork described above can be undertaken by any suitably equipped metallurgical laboratory.

SRK estimates that the cost for a metallurgical testwork program covering the scope as described above is likely to be of the order of USD 20,000 per sample.

20 Site Layout and Infrastructure

20.1 Introduction

As part of the scoping study SRK has investigated the potential locations for major items of infrastructure required for the project. This is currently envisaged to comprise:-

- Roads and access
- Power reticulation and distribution
- Workshops and maintenance facilities
- Waste rock dump and tailings facilities
- Water supply infrastructure
- Township

A proposed layout of the infrastructure is given in Figure 20-1. The layout shows the designed pit, overburden dump, top soil dump, surface haul road from mine to process plant, access road to mine, process plant & tailing dam area, water storage area, access road to plant area from station and the diversion of nallah and roads.

The land required for key infrastructure is given in Table 20-1 below

Table 20-1 : Land requirement for key project infrastructure

Sl. No.	Particulars of Land	Area (Ha)
1	Mine lease hold area; including pit, waste dump, top soil dump, mine office, workshop and part of ore hauling road and empty space	49.68
2	Process plant, TSF, Water storage area, Effluent treatment, Ramp & Hopper	38.93
3	Surface haul road from Mine to Process plant	0.92
4	Access road to Mine & Plant area	2.73
5	Process plant, TSF, & Water storage area	26.2
6	Colony	1
7	Diversion of Road	1.1
8	Diversion of Nallah	1.69

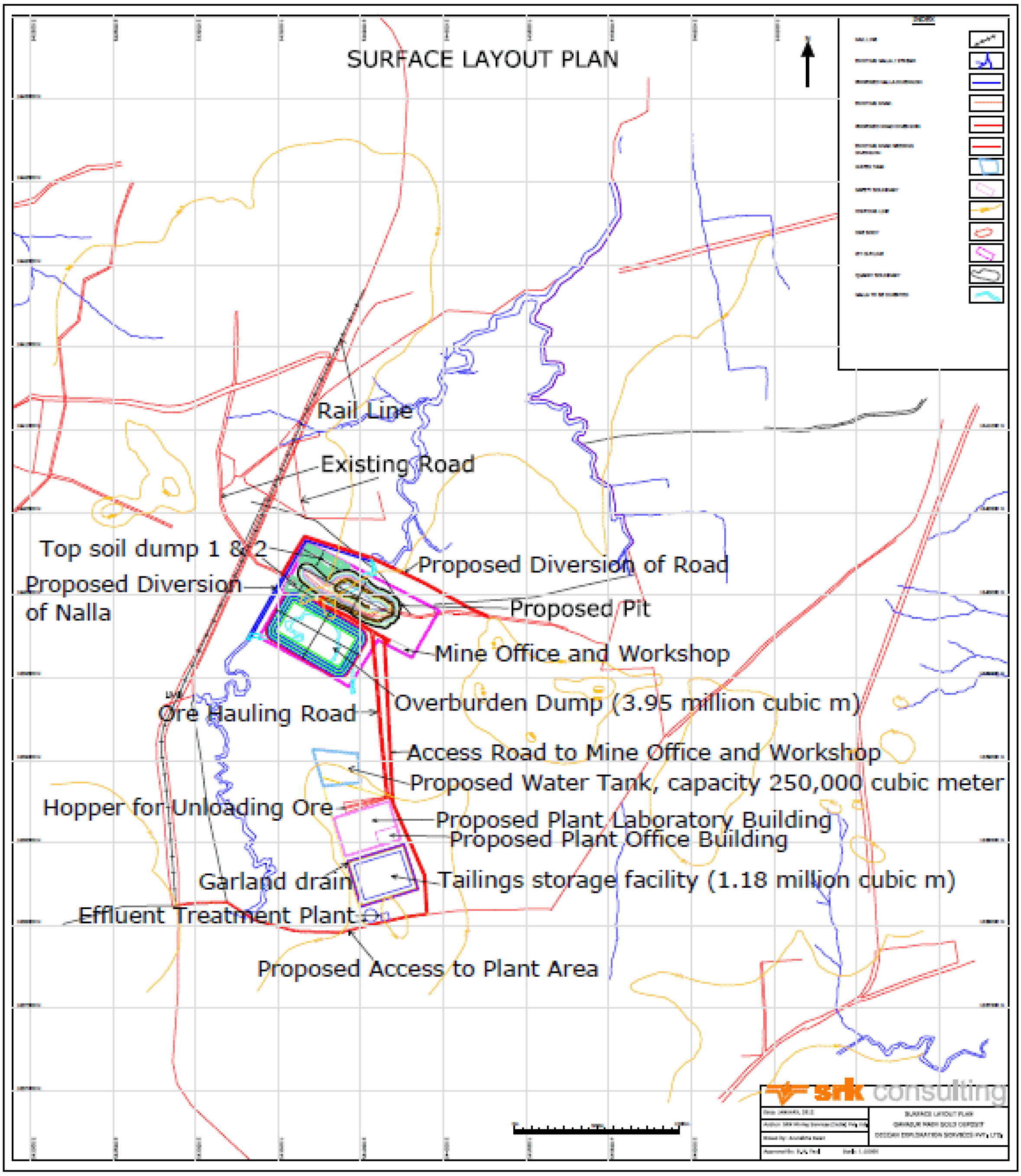


Figure 20-1 : Site Layout Plan

The following sections describe the findings and recommendation.

20.2 Service Buildings and Workshop Facilities

Table 20-2 lists those civil & structural works and workshop that are envisaged to be undertaken by the owner.

Table 20-2 : Service building summary

Sl No	Particulars	Unit	
	Building & Facilities at Mine Area		
5	Electrical-Mechanical Repair Shop	m^2	300
6	Smithy Shop Shed	m^2	15
7	Machine Shop Shed	m^2	450
8	Office for workshop	m^2	100
9	Overhead Water tank		Lumpsum
10	Mine Office, VT office & Canteen	m^2	600
11	Main Gate		Lumpsum
	Buildings & Facilities at Process Plant Area		
4	Main Store	m^2	125
5	Substation Building	m^2	1200
6	G.M office	m^2	500
7	Main Gate		Lumpsum
	Road		
1	Haul Road at surface from mine to plant; 10m wide	m	1,148
2	Ramp at Plant end; 10m wide	m	200
3	Access Road from Mine to Plant ;7m wide	m	1,753
4	Access Road from Station to Plant; 5m wide	m	1,611
5	Road in Plant area; 5m wide	m	471
6	**Total (m)**		**5,183**
	Diversion of Nallah & Road		
1	Road Diversion (m)	m	1,744
2	Nala Diversion (m)	m	1,590
3	**Total (m)**		**3,334**

Considering the project location away from the industrial hub, the provision of workshops and equipment have been made to ensure regular repair and maintenance of mining and process plant equipment.. The space to be provided to the contractor for repair and maintenance of mining equipment would be under contract.

The total capitals costs for engineering, supply, construction, erection & commissioning of above civil and structural works and workshop equipment has been considered.

20.3 Water Requirement, Source and Supply

20.3.1 Water Requirement

The water requirement for Ganajur Main project has been estimated and summarized in Table 20-3 below.

Table 20-3 : Preliminary estimate of project water requirement

Sl No.	Area	Unit	Water Requirement
1	**Drinking Water**		
2	Potable water for township (considering 400 persons)	l/day	40,000
3	**Industrial Water**		
4	Workshop	l/day	45,000
5	Washing (Dumper)	l/day	18,000
6	Dust suppression (Mine)	l/day	504,000
7	Process Plant water @ 4m3/t ore	l/day	8,000,000
8	Miscellaneous including losses 10%	l/day	860,700
9	Total requirement of Water		9,467,700
10	Net makeup of water requirement considering 70% of water to be recovered & recycled in the Process Plant	m^3/day	2,840
11	Total requirement of makeup water	m^3/hr	118
12	Total requirement of makeup water; considering 10% contingency	m^3/hr	130

SRK understands that water for the project would be sourced from a nearby river, which would require a pipeline. SRK recommends using galvanized pipe of 150mm.

20.3.2 Sourcing, Supply & Distribution of Water

The requirement of makeup water for the project would be around 130m^3/hour. Water is proposed to be sourced from the nearby Varada River which flows to the north of the project at a distance of about 5.5Km.

Water would have to be pumped out from an intake well constructed on the river bed and conveyed through 150mm galvanized pipe line to storage pond (Figure 20-1) at the plant site. From the storage pond, the water would be clarified/treated, stored and distributed to consuming centers for mines, plant and colony, as appropriate. For potable water, a Reverse Osmosis (RO) Plant is recommended.

The capital cost estimate derived for this study includes cost for engineering, supply, construction, erection & commissioning of intake well, pumps, pipelines, storage pond, RO Plant, and distribution pipelines.

20.4 Power Supply

The power requirement for the project has been preliminarily estimated at about 6 MW; Table 20-4. It is assumed that power would be available from the State Grid and that it would be drawn through a 33Kv overhead line from Substation (Karnataka State Grid) which is about 4/5km from project site, located near Haveri town. Table 20-4 also indicates the proposed utilization voltage. Incoming voltage (33Kv) would have to be suitably stepped down to utilisation voltages at Main Receiving Station (MRS) and distributed to unit substation located near the consumption points either through overhead line or cables depending on the distances

Table 20-4 : Project power requirement

Sl. No.	Description	Total Load (KW)	Utilization Volt (KV)
1	Mine (Pumps)	700	0.44
2	Process Plant	4000	3.3
3	Mine Facility Area	400	0.44
4	Colony	300	0.44
5	Illumination	50	0.44
6	Miscellaneous @5%	273	
7	**Total**	**5,723**	
8	Total Power	~**6,000**	

Capital cost estimates includes derived for this study include costs for engineering, supply, construction, erection & commissioning of distribution equipment inclusive of isolators, OCBs, Transformers, cables, OH Lines, switchgears etc and other equipment incusing that required for communication, instrumentation and automation.

20.5 Township

The project site is about 4/5km from Haveri town and it is proposed that most of the employees will be accommodated in rented accommodations in or near the town. However, a village has been considered to accommodate about 100 essential workers for the project near the mine & plant site with all facilities and amenities including a guest house and accordingly the capital costs has been considered. However, the site for the same has not been identified during this study, for which land would have to be acquired.

20.6 Tailings Storage Facility

A tailing storage facility (TSF) is planned south of the proposed process plant site (Figure 20-1). The proposed site is expected to hold about 1.18Mm3 of tailings covering an area of 10.4ha. While this section gives a high level concept on the TSF, a design for construction would depend on the quantity and the characteristics of the tailings produced, as well as the climatic, topographic, geologic, hydrogeologic and geotechnical characteristics of the disposal site, and also regulatory requirements related to dam safety and to environmental performance.

20.7 Capital Cost Summary-Project Infrastructure

Table 20-5 provides a preliminary summary of the estimated capital expenditure requirement for the surface infrastructure discussed above

Table 20-5 : Capital expenditure for Surface facilities and Infrastructure

Sl. No.		US$M
1	Civil & Structural and Work shop equipment	2.06
2	Water supply & distribution	0.77
3	Power supply, distribution & communication	3.77
4	Township	1.06
	Total Cost for Infrastructure (US$M)	**7.66**

21 Environment and Social Management

The Ganajur Main project comprises two overlapping tenements situated near Ganajur village in Haveri Taluk and District of Karnataka State: a Prospecting License ("PL"), covering an area of 2.2 square km and an ML of 0.29 square km. The land within both the PL and applied ML is agricultural in character. The Karajgi Reserve Forest is situated to the south-east of the PL.

No environmental data collection or assessment has yet been undertaken and this section therefore outlines the proposed environmental and social impact assessment ("ESIA") process that needs to be undertaken to evaluate the project and to comply with relevant legislation and policies. The proposed ESIA process supports the critical priorities of:

- the project proponent – including the project design team, the future operations management team and shareholders, who wish to develop and operate a project in accordance with host country law and international standards;
- the responsible government authorities who will decide whether a project can be approved and what conditions of approval should be applied;
- other stakeholders who have interest in or may be affected by the project; and
- any project financiers who will need to understand the impacts and risks associated with financing the project.

21.1 Potential Issues

The following are potential issues, with regard to any mining project similar to Ganajur Main that would require attention during the preparation of the ESIA work plan.

Table 21-1 : Preliminary summary of potential Social and Environmental Impacts

Potential Impact	Geographic Extent	Applicable Project Phase		
		Construction	Operations	Post-Closure
Windblown dust resulting in human health risk and visual impact	Mine area	X	X	X
Emissions from project infrastructure, resulting in human health risk	Mine area	X	X	
Emissions and dust from mobile sources (mine fleet and transport vehicles), resulting in human health risk and public nuisance	Mine area, transport corridor	X	X	
Vibrations from blasting resulting in public nuisance	Mine area	X	X	
Vibrations from transportation resulting in public nuisance	Mine area, transport corridor	X	X	
Ground infiltration of surface runoff and leachate from tailings, waste rock dumps and hazardous/non-hazardous waste storage/disposal sites, affecting groundwater quality and resulting in human health and livestock risk	Mine area		X	X
Accidental fuel and other hazardous material (in particular cyanide) spills to ground, affecting soil, surface water and groundwater quality and resulting in human health, livestock and ecological risk	Mine area, transport corridor		X	

Potential Impact	Geographic Extent	Applicable Project Phase		
		Construction	Operations	Post-Closure
Acid rock drainage from waste rock, tailings and the exposed ore body (in the pit) resulting in surface or groundwater contamination, and affecting use of water by human and ecological users	Mine area and downstream/ downgradient water bodies		X	X
Groundwater drawdown due to project water supply, resulting in a loss of water resources	Water supply	X	X	
Groundwater drawdown due to mine dewatering, resulting in loss of water resources	Mine area		X	
Surface water accumulation in project containment ponds resulting in human health, livestock and ecological risk – mine pit; tailings; waste dump collection ponds; process water ponds etc	Mine site		X	X
Occupational safety and industrial hygiene risks – construction; mining; processing; power generation; transportation	Mine area, transport corridor	X	X	
Occupational safety and industrial hygiene risks from hazardous and non-hazardous waste management	Mine site	X	X	
Loss of natural habitat and critical ecosystem services due to project facilities, fencing and operational activities (noise, air emissions, changes in water quality etc)	Mine area, transport corridor	X	X	X
Loss of access to community transport routes due to project facilities, fencing etc	Mine area	X	X	X
Loss of access to community grazing land due to project facilities, fencing etc resulting in possible resettlement and land aquisition	Mine area	X	X	X
Increase in traffic accidents from project related transport	Mine area, transport corridor	X	X	
Skills acquisition and jobs creation due to project employment and induced employment	Mine area, transport corridor	X	X	
Revenue generation due to project expenditures, taxes and royalties	Districts, Province and Nation	X	X	
Economic growth due to project investment, export, employment and induced economic effects	Districts, Province and Nation	X	X	X
Community development – education; health; infrastructure	Mine area	X	X	X
Community conflict created by competition for project induced opportunities	Mine area	X	X	
Human rights violations caused by project security personnel	Mine area	X	X	
Human rights violations caused by project induced increase in government security forces	Mine area	X	X	
Stress on traditional way of life resulting from influx of job seekers and entrepreneurs	Mine area & transport corridor	X	X	

Potential Impact	Geographic Extent	Applicable Project Phase		
		Construction	Operations	Post-Closure
Stress on public infrastructure and services (water, sanitation, healthcare, education) resulting from influx of job seekers and entrepreneurs	Mine area & transport corridor	X	X	
Stress on natural resources resulting from influx of job seekers and entrepreneurs (water, fire wood, grazing land, wild plants/game)	Mine area & transport corridor	X	X	
Decline in prosperity of the local community due to project closure	Mine area			X

21.2 Local and international regulatory requirements

Environmental clearance of development projects including mining projects are done by the Government of India with the objective to optimize utilization of finite natural resources and adopting suitable remedial measures at the project formulation stage. Ganajur Main project will need to comply with Indian regulatory requirements, yet there are many other factors influencing the project's environmental and social process as represented broadly in Figure 21-1.

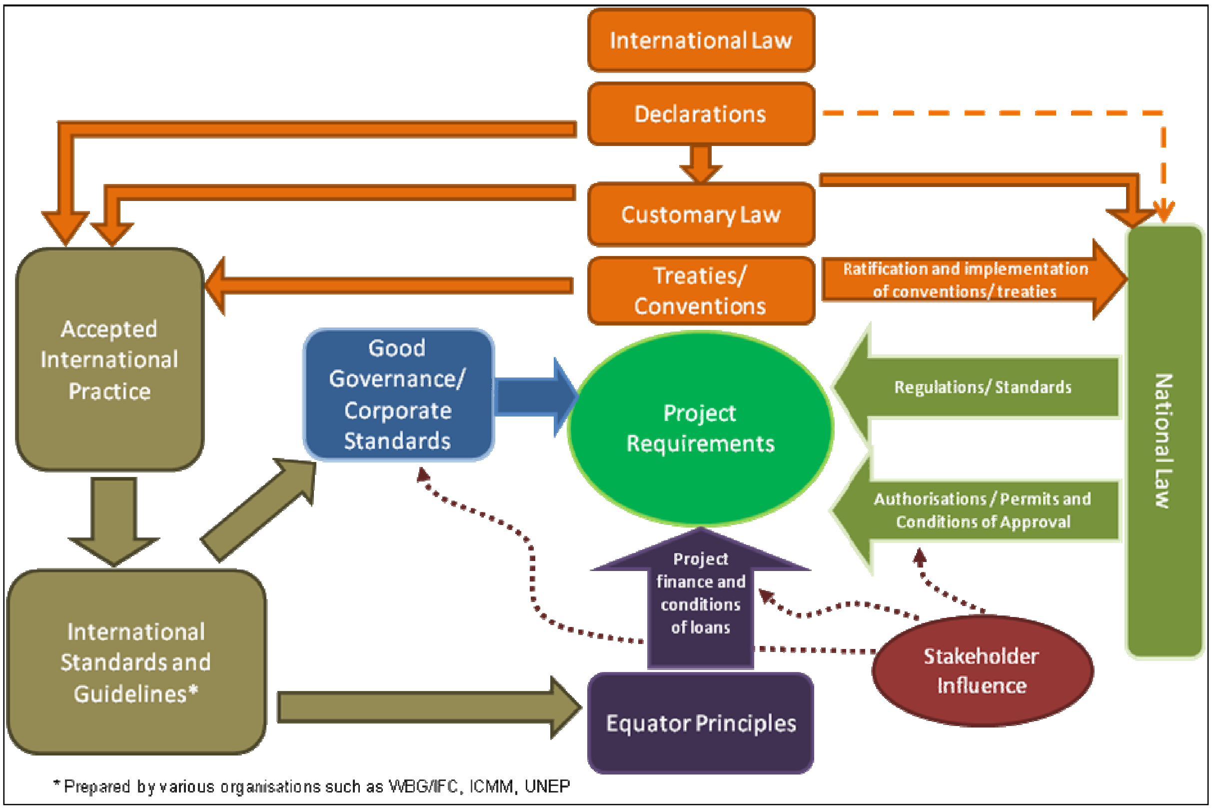


Figure 21-1 : Environmental and social influences on projects

21.2.1 Indian Regulatory Requirement

Mining projects, having leasehold areas greater than 0.05 square km, fall under the Schedule-I of Environmental Impact Assessment Notification 1994 and are required to obtain environmental clearance from Ministry of Environment and Forests (MoEF) as per the screening criterion. Forest clearance under Forest (Conservation) Act is also specifically required if the project involves forest land. Ganajur Main however do not include any form of forest land. The area applied for mining lease is agricultural land. Mining projects being site specific projects will have to obtain separate site clearance from the Government as specified in the EIA Notification. DESPL has recently appointed an Enviromental Consultant to undertake baseline data generation and preparation of EIA and EMP.

Land acquisition would have to follow federal and state laws. SRK understand that the Company is receiving positive responses for the local population who are supportive to the project. DESPL, which had signed a MoU with the State Government of Karnataka for setting up a mine and a processing plant, had approached the government to approve the land acquisition process through the Karnataka Industrial Area Development Board (KIADB). SRK understands that the state government has agreed to the process.

Once the project gets to the production stage, it will require meeting the National standards for emissions, effluents and noise in addition to compliance with other environmental acts/regulations, including mining safety regulations. The establishment and functioning of any mining project will be governed by the following environmental acts/regulations besides the local zoning and land use laws of the States and Union Territories:

1. The Water (Prevention and Control of Pollution) Act, 1974,
2. The Water (Prevention and Control of Pollution) Cess Act, 1977,
3. The Air (Prevention and Control of Pollution) Act, 1981,
4. The Environment (Protection) Act, 1986 (EPA)
5. The Wildlife (Protection) Act, 1972 as amended,
6. The Forest (Conservation) Act, 1980 as amended,
7. The Public Liability Insurance Act, 1991,
8. The Mines and Minerals (Regulation and Development) Act, 1957, as amended, and
9. Circulars issued by the Director-General Mines Safety (DGMS).

Apart from these, as per the Mineral Conservation and Development Rules (MCDR), 1988, a mine plan needs to be submitted to the Indian Bureau of Mines (IBM) and must comprise the following:

1. Status of baseline information of:
    - existing land use pattern indicating the area already degraded due to quarrying / pitting, dumping, roads, processing plant, workshop, township etc;
    - water regime;
    - flora and fauna;
    - quality of air, ambient noise level and water;
    - climatic conditions;
    - human settlements;
    - public buildings, places of worship and monuments; and

- whether partly or fully falling under notified area under Water (Prevention & Control of Pollution), Act, 1974.

2. An Environmental Impact Assessment Statement describing the impact of mining and beneficiation on environment on the following:
   - Land area indicating the area likely to be degraded due to quarrying / pitting, dumping, roads, workshop, processing plant, township etc;
   - Air quality;
   - Water quality;
   - Noise levels;
   - Vibration levels (due to blasting);
   - Water regime;
   - Socio-economics; and
   - Historical monuments etc.

3. An Environmental Management Plan defining proposed measures to be taken with sequence & timing with regard to:
   - temporary storage and utilisation of topsoil;
   - year- wise proposal for reclamation of land affected by abandoned quarries and other mining activities during the life of mine;
   - programme of aforestation,
   - stabilisation and vegetation of dumps alongwith waste dump management;
   - measures to control erosion / sedimentation of water courses;
   - treatment and disposal of water from mine;
   - measures for minimising adverse effects on water regime;
   - protective measures for ground vibrations / air blast caused by blasting;
   - measures for protecting historical monuments and for rehabilitation of human settlements likely to be disturbed due to mining activity; and
   - socio-economic benefits arising out of mining.
4. Monitoring schedules for different environmental components after the commencement of mining and other related activities.

21.2.2 International requirements

Many project financiers, as well as major commercial lenders, play a role in the development and enforcement of international sustainable development principles and standards through the conditioning of their loans. Such principles like the Equator Principles and standards like the IFC Performance Standards set a benchmark for global “best practice” for mining project lenders and mining companies alike.

21.3 Interactions during Project development

It is essential the ESIA process is undertaken working closely with the project design team and potential financers. The ESIA should influence project design by providing input to project planning decisions during the feasibility studies. The project engineers should be provided with guidance on applicable design criteria based on relevant national law and international standards, and there should be environmental and social inputs to decisions on project alternatives as shown in Figure 21-2.

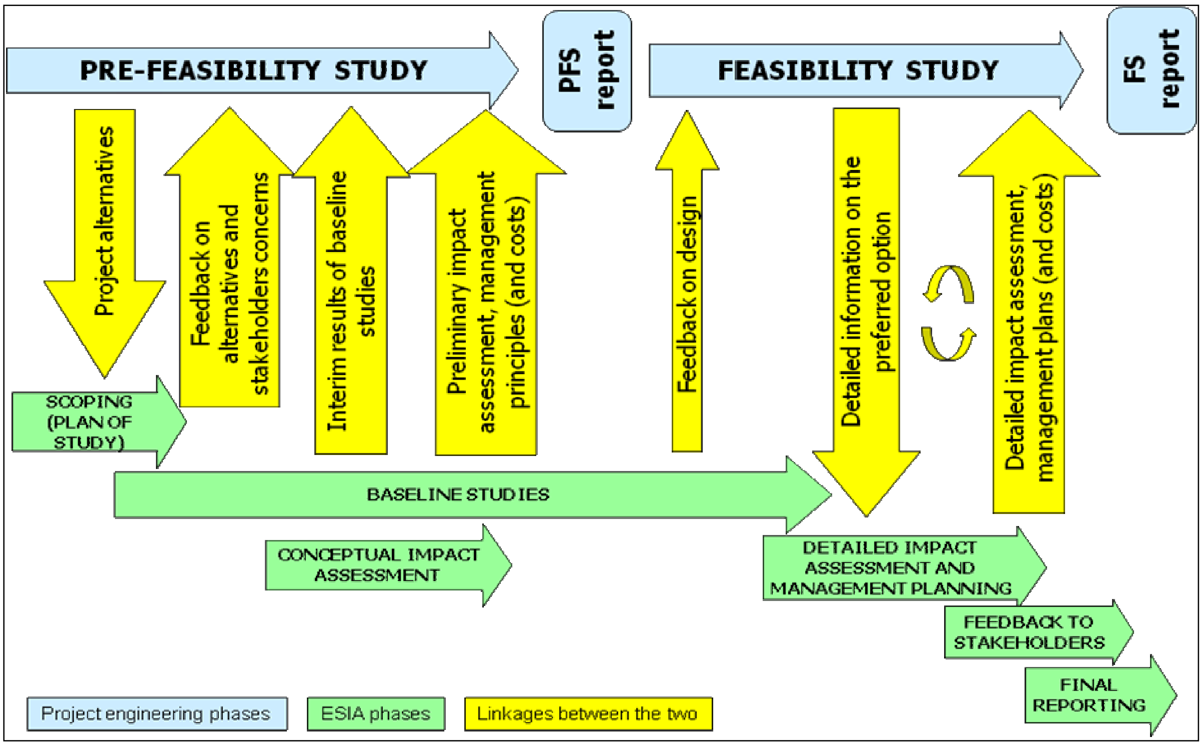


Figure 21-2 : Interactions between ESIA and project development

22 Mine Closure & Rehabilitation

Mine closure is an important activity for the surrounding community in general and for mining site in particular. Mining ceases as a result of exhaustion or reserves or the operations become uneconomical or due to any other reason. Unlike in the past, mine closure is now required to be considered at the outset of mine development. Mine closure and decommissioning will involve: reclamation & rehabilitation of degraded areas resulting from various mining activities; environmental protection issues; and social and economic impact on the people working in the mines and living around the mines.

The Indian Bureau of Mines (IBM) guidelines require a Mine Closure Plan to be developed and this will need to encompass the rehabilitation process as an ongoing programme designed to restore physical, chemical and biological quality disturbed by the mining to a level acceptable to all concerned. The aim is to leave the area in such a way that rehabilitation does not become a burden to the society after mining operation has ceased. Mine Closure plan must aim to create as self-sustained ecosystem and should be produced once operational details and environmental studies are completed, fully assessed and understood.

For this study SRK has estimated the financial assurance, a financial surety that the Company would need to furnish either to the Regional Controller of Mines or to the officer authorized by the State Government, based on its preliminary estimate of the area that would need to be rehabilitated. Table 22-1 summarizes the area estimate.

Table 22-1 : Summary of the Disturbed Area to be rehabilitated

Sl. No.	**Head**	**Area to be Rehabilitated (Ha)**
1	Area to be excavated	12
2	Storage for Top Soil	3.2
3	Overburden / Dump	18.5
4	Infrastructure (workshop, administrative building)	0.5
5	Roads; including road diversions	15.05
6	Tailing Pond	10.4
7	Effluent Treatment Plant	0.7
8	Mineral Separation Plant; including water storage area	13.5
9	Township Area	1
10	Streams; including diversion of Nala	2.1
	Total (Ha)	**76.95**

Estimated @ INR25,000/ha, the financial assurance that the Company would need to furnish amounts to Rs 19,23,750/- (~US$0.04M)

23 Preliminary Project Schedule

A preliminary Project development schedule has been developed by the Company with minor modification done by SRK at this stage which proposes that production commences during Q1 2015; Figure 23-1.

ACTIVITY	2011		2012		2013		2014	
	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC
Prospecting License (executed on 25-9-2009)								
Scoping Study								
In-fill drilling, deep drilling, geotechnical and metallurgical testwork, prefeasibility study, application with KIADB to initiate land acquisition process								
Mining Lease								
Obtaining approval of ML from the Centre and State Governments								
Preparation and Approval of Mining Plan								
Preparation and Submission of TOR with MoEF								
EIA								
Public Hearing								
Obtaining MoEF Clearance and Execution of the Mining Lease								
Bankable Feasibility study (BFS)								
Land Acquisition								
Obtaining statutory clearances								
Construction and Commissioning								

Figure 23-1 : Preliminary Project Development Schedule, developed by the Company

SRK notes that achieving the timeframe will be dependent on the completion of additional field and laboratory test work, feasibility studies and the award of the necessary permits. It would also depend on the Plant and infrastructure construction timeframe which would be dependent upon early ordering of long lead items and the delivery periods prevailing at that time as well as the accessing of funds most notably for construction. SRK expects that the development schedule will be re-assessed during the course of the Pre-Feasibility Study.

SRK understands that DESPL wants to fast track the project and proposes to start feasibility studies earlier than presently proposed (Figure 23-1).

24 Capital and Operating Cost Estimation

24.1 Capital Cost

The Ganajur Project base case capital cost estimate totals US$59.08 million, including a contingency of 10%. For the purpose of this scoping study, SRK has taken data from a variety of sources including its own internal database, information and reports provided by DESPL and values taken from other projects. The Project capital cost requirement assuming a contract mining operation is summarized in Table 24-1.

Table 24-1 : Indicative project capital

	Open pit (Contract Mining)
Ore RoM (Mt)	2.43
Waste (Mt)	9.16
RoM Au grade g/t	3.67
Ore production rate, Mtpa	~0.60
Capital Expenditure	
Owner's cost US$M	13.08
LoM equipment	–
Process plant US$M	32.93
Infrastructure US$M	7.66
Financial Assurance (for area to be rehabilitated) US$M	0.04
10% Contingency	5.37
Total LoM capex US$M	**59.08**

A Contractor mining scenario has been assumed for the open pit mining. It is contemplated that the Contractor would bring the required mining equipments and mining capital so has not been considered.

Process capital was provided by DESPL. SRK reviewed the report and the process flowsheet and adjusted the capital estimate made by DESPL where appropriate to reflect SRK's views. The process capital finally includes cost for the TSF and is summarized in Table 24-2 below

Table 24-2 : Process capital summary

Sl. No.	Items/Equipment	US$ Million
1	Crushing & Grinding	7.53
2	Process equipment	2.91
3	Auxiliary System & Equipment	5.22
4	Power distribution, instrumentation, civil & structural works	7.52
5	Freight & insurance, detailed engineering, project management & site service , installation & commissioning etc.	9.74
	Total Capital Cost for Process Plant	**32.93**

Table 24-3 provides an estimate of the expected costs for the surface facilities and power requirement. These estimates are based on SRK's experience of similar projects and require further refinement at the PFS stage.

Table 24-3 : Project infrastructure capex summary

Sl. No.	Cost Item	US$M
1	Civil & Structural and Work shop	2.06
2	Water supply & distribution	0.77
3	Power supply, distribution & communication	3.77
4	Township	1.06
	Total Cost of Infrastructure US$	**7.66**

Owners cost of US$13.08 million includes cost for land acquisition, CSR and technical studies. The cost was provided by DESPL which was reviewed, revised as appropriate and considered for the study. Land acquisition and legal costs are estimated to be US$10million.

24.2 Operating Cost Estimate

SRK has considered a processing rate of 2000tpd ROM, and an average strip ratio of 3.80:1 (waste: ore). The mining operation would handle about 600,000tpa ore and a total of about 11.7Mt of material over the expected 5-year life of mine.

The mining operating costs have been derived from first principles. It has been contemplated that the mining equipment fleet will be provided by the contract miner and the cost thereof included in operating costs of the mine. In summary, mining costs are estimated at $3.15/t mined. This cost includes a profit margin of 15% for the contractor.

Processing cost was estimated by DESPL from the "basic" following the laboratory test results. SRK reviewed DESPL cost estimates, consumables considered for the Gravity-CIL cyanidation operation, estimated manpower for a plant of 2000tpd and the power requirement. Costs for processing are estimated to be $19.84/t. SRK notes that cyanide consumption, is one of the largest operating cost in a CIL cyanidation circuit; cyanide consumption established through test work at 3.02 kg/T

Table 24-4 : Summary of Operating Costs and Drivers

	Open pit (Contract Mining)
Ore RoM (Mt)	2.43
Waste (Mt)	9.16
RoM Au grade g/t	3.67
Ore production rate, Mtpa	~0.60
Costs	
Direct LoM mine opex US$M	36.81
LoM process opex US$M	48.23
Contract Mining cost US$/t material	3.15
Processing cost US$/t ore	19.84
Royalty %	2

The processing costs include cost for consumables, power and manpower, repair and maintenance and G&A cost, which is summarized in Table 24-5 below

Table 24-5 : Processing cost summary

Sl. No.	Cost Item	US$/Tonne ore
1	Consumable	11.39
2	Power Cost	2.92
3	Man Power	3.13
4	Repair & Maintenance	1.45
5	Miscellaneous	0.94
	Total Cost US$/T ore	19.84

25 Economic Analysis

25.1 Introduction

The purpose of this part of the study is to determine if the project provides a return on investment. SRK has therefore constructed a scoping level financial model for the purposes of evaluating the Project economics. The model is based on the technical assumptions developed by both the Company and from work undertaken by SRK, as commented on in the previous sections of this report. This model includes depreciation and taxes but excludes working capital. The key assumptions are indicated in Section 25-2 below.

The economic analysis contained in this report is partially based on Inferred Mineral Resources, and is therefore preliminary in nature. Inferred Mineral Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Ore Reserves as defined by the JORC Code.

25.2 Key Assumptions

SRK has made the following key assumptions for the purpose of this scoping study.

- the valuation currency is US Dollar (USD), with any Indian Rupee derived costs being converted at a INR:USD exchange rate of 45:1;
- a base case discount rate of 10%
- Gold price of US$1250/oz
- Royalty rate of 2% of gold value in ore
- Open pit mining to be completed by contractor mining fleet;
- Corporate tax rate of 30%
- Working capital and sustaining capital are ignored
- Contingency on total capital costs of 10%
- Process recovery of 77% for gold

The mine operating cost and processing costs are assumed to be as presented in previous sections of this report

25.3 Cash flow Projections

A valuation of the Project has been derived based on the application of Discounted Cash Flow (DCF) techniques to the pre-finance cash flow based on the inputs and assumptions presented in this and previous sections of this report.

In summary, at an Au price of USD1250/oz and a 10% discount rate the project has an NPV of USD37.39M. A summary of the results of the cash flow modelling and valuation are presented in Table 25-1. A summary of cash flow is presented in Table 25-2 below.

Table 25-1 : DCF modelling and valuation (Au price US$1250/oz)

Description	Units	Total (Au only)
Gross Revenue	(USDM)	275.89
Mining Operating cost / t total material	(USD)	3.15
Processing cost/t ore	(USD)	19.84
Capital costs (including Contingency @10%)	(USDM)	59.08
Net pre-tax cashflow	(USDM)	124.61
NPV (10%)	(USDM)	37.39
IRR	(%)	33.11

Table 25-2 : Summary Cash flow

	UNIT	TOTAL	YEAR (-2)	YEAR (-1)	YEAR (0)	YEAR (1)	YEAR (2)	YEAR (3)	YEAR (4)	YEAR (5)
PRODUCTION										
Ore (Au >1.0)	Tonnes		-	-	-	591,907	559,900	575,612	585,545	117,887
Waste (Au<0.5)	"		-	-	-	1,526,801	2,745,409	2,576,333	1,932,971	379,618
Marginal Material (Au 0.5-1.0)	"		-	-	-	8,893	40,843	25,366	14,800	3,804
Total Material Mined	Tonnes		-	-	-	2,127,601	3,346,152	3,177,311	2,533,316	501,309
Ore (oxide)	Tonnes		-	-	-	463,548	151,570	7,410	-	-
Ore (sulphide)	"		-	-	-	128,359	408,330	568,202	585,545	117,887
Oxide Au (g/t)	Gram/Tonne		-	-	-	3.37	2.71	2.06	-	-
Sulphide Au (g/t)	Gram/Tonne		-	-	-	4.37	4.16	3.70	3.69	3.45
Processed Au (g)	Grams		-	-	-	1,634,775.90	1,624,243.78	1,630,561.24	1,663,709.01	313,166.82
CAPITAL EXPENDITURE										
Owners Cost	MILLION USD	13.08	4.36	4.36	4.36	-	-	-	-	-
Process Plant	"	32.93	-	16.47	16.47	-	-	-	-	-
Infrastructure	"	7.66	-	3.83	3.83	-	-	-	-	-
Financial Assurance (for area to be Rehabilitated)	"	0.04	0.04	-	-	-	-	-	-	-
Contingency @ 10%	"	5.37	0.44	2.47	2.47	-	-	-	-	-
Total Project Capital Cost	"	59.08	4.84	27.12	27.12	-	-	-	-	-
OPERATING EXPENDITURE										
Contractor Cost	MILLION USD	36.81	-	-	-	6.70	10.54	10.01	7.98	1.58
Refining Cost	"	48.23	-	-	-	11.74	11.11	11.42	11.62	2.34
Royalty	"	7.17	-	-	-	1.71	1.70	1.70	1.74	0.33
Depreciation	"	59.08	-	0.69	5.21	10.64	10.64	10.64	10.64	10.64
CASH FLOW STATEMENT										
Revenue	MILLION USD		-	-	-	65.69	65.26	65.52	66.85	12.58
Cash Outflow (Operating Expenses)	"		-	0.69	5.21	30.79	33.98	33.77	31.97	14.88
Profit Before Tax	"		-	-0.69	-5.21	34.90	31.28	31.75	34.88	-2.30
Corporate Tax	"		-	-	-	10.47	9.38	9.52	10.46	-
Profit After Tax	"		-	-0.69	-5.21	24.43	21.90	22.22	24.42	-2.30
Add Depreciation	"		-	-	-	35.06	32.53	32.86	35.05	8.34
Net Cash Flow	"		-4.84	-27.12	-27.12	35.06	32.53	32.86	35.05	8.34

PROJECT NPV	MILLION USD
,@20%	14.15
,@15%	23.78
,@10%	37.39

IRR	33%

The tables below show the sensitivity of the results to variable gold prices and at different process recovery percentages.

Table 25-3 : Project valuation sensitivity under different gold price scenarios

Gold Price (USD /oz)								
Description	Unit	900	1000	1100	**1250 Base case**	1400	1500	1650
Net pre-tax cashflow	(MUSD)	49.37	70.86	92.36	**124.61**	156.85	178.35	210.60
NPV (@ 10% Discount Rate)	(MUSD)	5.87	14.88	23.88	**37.39**	50.89	59.87	73.17
IRR	(%)	14.20	20.15	25.61	**33.11**	39.95	44.22	50.24

Table 25-4 : Project valuation sensitivity under different process recovery scenarios

Process Recovery %						
Description	Unit	70	77 Base case	85	90	95
Net pre-tax cashflow	(MUSD)	99.53	**124.61**	153.27	171.19	189.10
NPV (@ 10% Discount Rate)	(MUSD)	26.88	**37.39**	49.39	56.89	64.31
IRR	(%)	27.34	**33.11**	39.22	42.83	46.27

Sensitivity of the Project to variable operating and capital cost was also tested as illustrated in Table 25-5 and Table 25-6 below. Sensitivity was tested at 10% discount rate.

Table 25-5 : Operating cost sensitivity

	Operating cost sensitivity				
	-20%	-10%	0%	10%	20%
NPV (USD)	44.50	40.94	37.39	33.83	30.27
IRR (%)	36.77	34.96	33.11	31.21	29.27

Table 25-6 : Capital cost sensitivity

	Capital cost sensitivity				
	-20%	-10%	0%	10%	20%
NPV (USD)	45.30	41.35	37.39	33.43	29.48
IRR (%)	42.74	37.53	33.11	29.32	26.00

26 Risks and Opportunities

26.1 Risks

The Ganajur Main Project is at a mid-stage of development. The following areas require clarification and execution before more advanced feasibility assessments (Pre-Feasibility Study and Feasibility Study) are conducted:-

- completion of the planned in-fill and deep drilling programme commitments with a subsequent upgrading of the existing resource model and pit optimisation;
- geotechnical field studies for the pit, waste dump area and tailings storage area identified by the Company;
- completion of detailed metallurgical test work on both oxide and sulphide ores;
- completion of appropriate environmental and social baseline studies and assessments in line with the prevailing legislative framework;
- completion of a preliminary geo-hydrological investigation covering also the waste dump and tailings storage area;
- design of appropriate tailings storage facilities;
- completion of the tailings and waste rock characterization both physical and geo-chemical including undertaking the necessary test work to investigate the potential for development of acid rock drainage from the waste rock and tailings;
- confirmation on the future availability and likely lead time for the provision of electrical power from the state/National Grid; and
- securing of surface rights.

There are also a number of risks inherent to the mining industry, including the stability of the markets, uncertainties related to Mineral Resource and Ore Reserve estimation, equipment and production performance. A specific risk SRK has identified relates to the new Mines Bill that provides for sharing of profits and royalty with project-affected people which has been cleared by the Cabinet and tabled in the parliament during the winter session in December 2012. The bill is yet to be become a law. However, when implemented its impact on the project would have to be evaluated.

26.2 Opportunities

SRK consider there to be specific opportunity to improve project economics following:

- Further exploration to evaluate the extension of the mineralisation at depth and for the presence of other prospects within the PL and surrounding region.
- Further metallurgical test work to investigate the potential for improving gold recovery.

Notably, DESPL holds a Prospecting Licence (PL) over an area of 2.2 square km overlapping the Ganajur Main Gold project and seven other satellite prospects designated as Ganajur East, South, South East, Central, Karajgi Main, Karajgi East and Hut prospects Figure 26-1 and has been carrying out exploration in order to establish further resource and has recently done a Transient Electromagnetic Survey (TEM) which was followed by a detailed Induced Polarisation (IP) survey. The results of the IP survey demonstrated a strong linear chargeability anomaly with high resistivity background for a strike length of 2.8 km, a part of which includes the 650 m long Ganajur Main prospect. This indicates a potential extension of the Ganajur Main mineralization beyond the present ML boundary. DESPL also explored the other prospects within the PL through limited RC drilling and channels and came up with encouraging values of gold assay.

A 2D Inversion model done also points to a potential down dip extension of the Ganajur Main mineralization beyond 150 m (Figure 26-2).

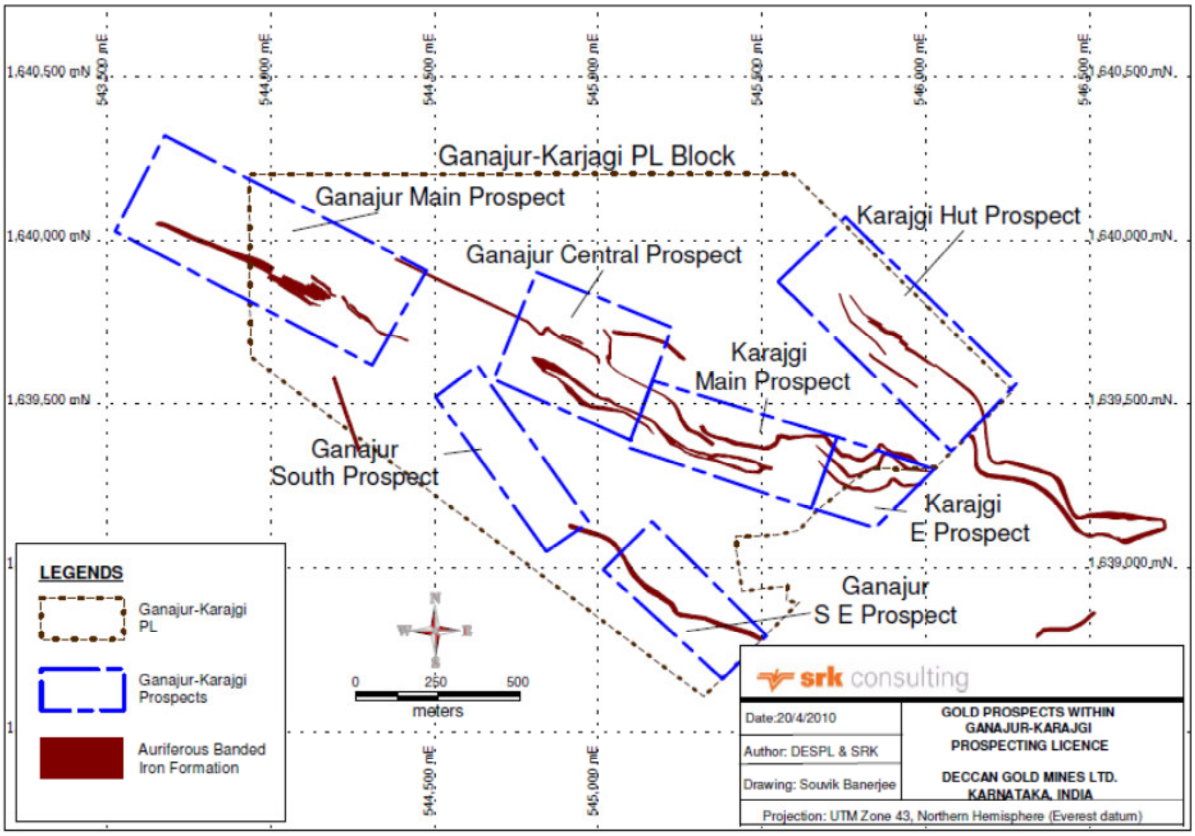


Figure 26-1 : Ganajur Main and Other Gold Prospects within the PL

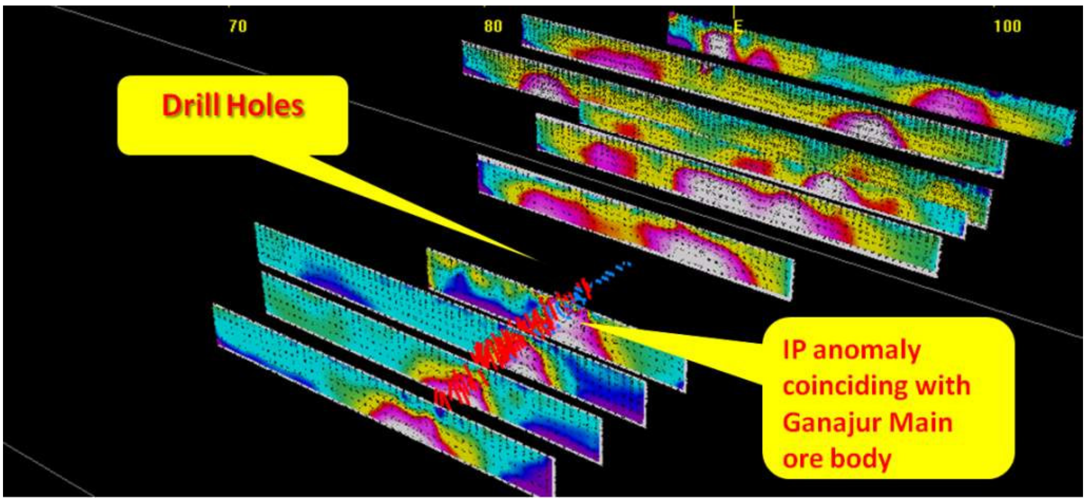


Figure 26-2 : 2D Inversion model done by DESPL

27 Conclusions and Recommendations

27.1 Conclusions

SRK is of the opinion that the current drilling data is sufficient in terms of quantity and quality to demonstrate reasonable geological continuity of the gold mineralization between sampling points and to support resource estimation.

In reviewing the Mineral Resource model, SRK draws the following conclusions:

- A single mineralized solid was interpreted and sub-divided into two sub-domains to account for surface weathering: oxide and sulphide. These domains were used for resource estimation;
- As a result of the infill and step-out drilling completed in 2010, the Indicated mineral resources have increased in both the oxide and sulphide zones resulting in an overall increase in Indicated metal content by approximately 16 %. Conversely, the Inferred mineral resources have decreased; and
- SRK considers that there is an opportunity to improve the mineral resource model, particularly along the boundary between oxide and sulphide zones. The reliability of the grade estimates could be also improved by separating the main gold mineralization wireframe into sub-domains based on lithology to allow isolating low grade areas from the higher grade mineralization. SRK consider this will prevent mixing low and high grade data during estimation and allow delivering a model reflecting better the observed statistical behaviour of the data.

The preliminary, Scoping Study has demonstrated that at sustainable gold price levels of greater than USD850/oz, the Ganajur Main Project has the potential to be developed into a viable open-pit mining operation. Additional in-fill and deep drilling planned for completion within Q2 2012 has the potential to further improve project attractiveness.

Based on the results of the Scoping study, SRK considers that the potential of the Project justifies further work inclusive of a prefeasibility study in order to identify opportunities and further assess viability of the project. The work listed below in Section 27.2 comprises the work which SRK recommends is undertaken ahead of this to ensure that sufficient data is available to complete a study of this level of confidence.

27.2 Recommendations

27.2.1 Geology

The gold mineralization is dominantly stratabound, confined within the sulphidic chert unit. It occurs as disseminations and veinlets and has close association with sulphide. Though it is mostly confined in banded sulphidic chert gold also occurs in other adjacent lithologies. The deposit was modelled as a single domain constraining all areas of gold mineralization, primarily based on the chert logged distribution. In this process low grade areas were incorporated into the gold distribution model thereby mixing grade populations. SRK recommends that DESPL now considers sub-dividing the main gold mineralization into sub-domains based on lithology and grade distribution. This would allow isolating high grade from low grade areas and possibly improve variography and grade estimation. SRK considers that this approach would deliver a more robust model and better predict the grade distribution in this deposit.

Additional drilling is warranted to improve the delineation of the deposit particularly along the northwest and eastern fringes of the deposit (Figure 27-1). SRK considers that the geometry and grade distribution of the oxide domain can be better defined with additional drilling. SRK recommends drilling 12 core boreholes (550 m, Table 27-1), Four holes should investigate the northwest portion of the deposit targeting inferred resource areas (Figure 27-1). Eight core holes are proposed in the eastern part of the deposit to improve geological modelling.

There are several other gold occurrences on the Ganajur property warranting additional exploration. Many of those occurrences were found because they outcrop. All occurrences should be re-evaluated and investigated by drilling with the potential to add Mineral Resources to the project.

While the analytical results delivered by SHIVA are sufficiently reliable to support mineral resource evaluation, SRK recommends that DESPL increasing the rate control samples (CRMs and Blanks) are inserted to 1 in every 20 samples and that it monitors the performance of the control samples on an ongoing basis to identify quickly any analytical issues. Potential quality control failures should be quickly investigated and appropriate corrective measures should be taken such as requesting re-assaying of complete batches of samples, when necessary.

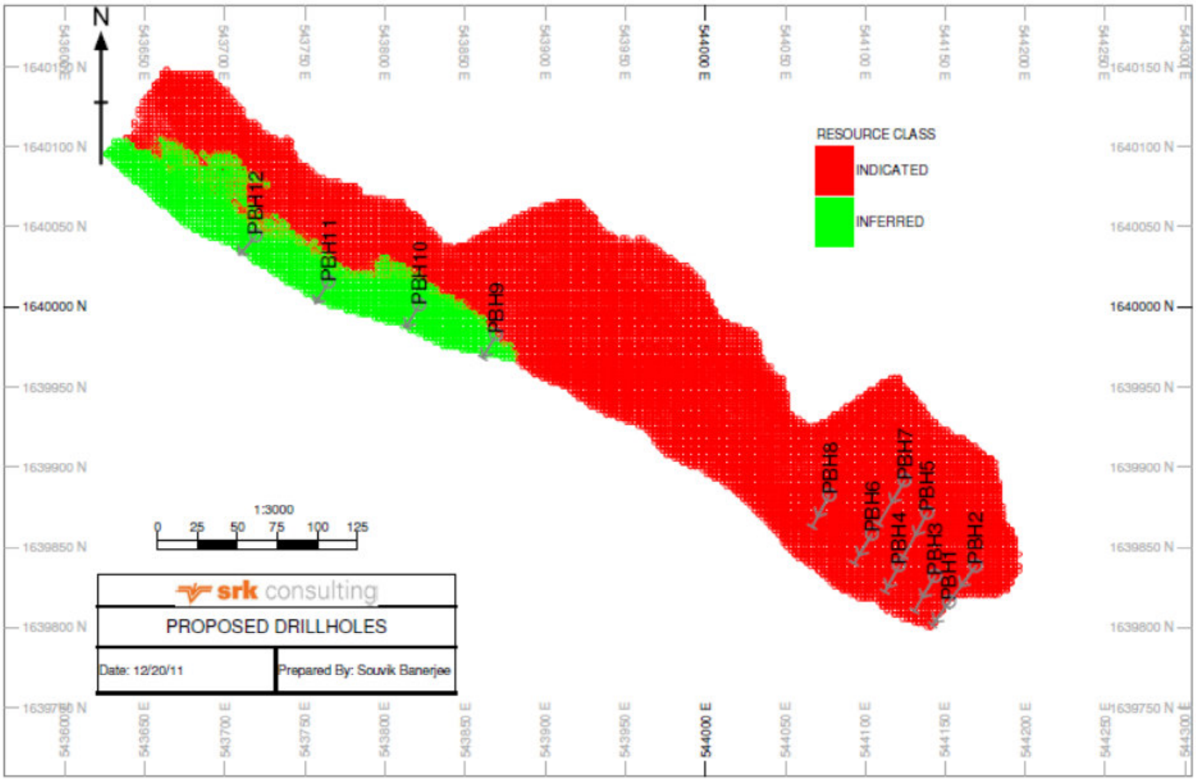


Figure 27-1 : Proposed Core Drillholes

Table 27-1 : Details of the Proposed Core Drillholes

BHID	UTM_E (m)	UTM_N (m)	Elevation (m)	Length (m)	Azimuth (degrees)	Plunge (degrees)
PBH1	544,148	1,639,808	539	40	220	60
PBH2	544,160	1,639,826	529	60	220	60
PBH3	544,138	1,639,821	535	50	210	60
PBH4	544,117	1,639,830	538	40	210	60
PBH5	544,132	1,639,857	525	60	210	60
PBH6	544,099	1,639,849	531	50	210	60
PBH7	544,117	1,639,878	518	60	210	60
PBH8	544,072	1,639,873	527	50	210	60
PBH9	543,866	1,639,975	528	30	210	60
PBH10	543,817	1,639,994	530	30	210	60
PBH11	543,762	1,640,010	535	30	210	60
PBH12	543,715	1,640,039	535	30	220	60

27.2.2 Geotechnical/Hydrogeological Assessment

In order to improve confidence in open pit slope angle design for the PFS, SRK recommends that the following additional geotechnical and hydrogeological work is undertaken:

The drilling of four specific geotechnical boreholes; two on the hanging wall and two on the footwall. These holes should be:

- minimum HQ size,
- Drilled with triple tube wireline drilling techniques,
- Orientated, using proprietary core orientation techniques, ACE core orientation is SRK's preferred method, to allow collection of structural data.

Holes should be fully geotechnically logged. Parametric data should be collected to allow the calculation of both Bieniawski's and Laubscher's rock mass rating systems. Deposit hydrogeological conditions should also be assessed as part of this process.

Holes should be sampled for rock mechanics laboratory testing. Testing should include;

- Uniaxial compressive strength testing, including measurement of young's modulus and Poisson's ratio.
- Rock triaxial testing.
- Shear testing

This data should be used to develop cross-sectional geotechnical models base on either rock mass variability with depth by weathering zone or by lithology with characteristic engineering properties for each zone being derived from a combination of the rock mass classification, structural data and laboratory testing.

Using input data derived from the above limit equilibrium stability analyses should be undertaken to determine overall slope angles to satisfy specific design criteria. Sensitivity analyses to variations in slope water conditions and rock strength would normally be undertaken. Based on the project variables probability analyses would also be undertaken to determine probability of failure resulting in uncertainties in the geotechnical model.

The structural data would be used to determine the kinematic potential of discontinuity bounded blocks to slide or topple from individual bench faces and multi-bench faces.

The data from above, would be used to develop overall, inter-ramp and batter/berm configurations for PFS level economic pit optimisation studies as well as for preliminary engineered pit design.

A PFS level geotechnical report would be produced which would include all of the factual data as well as the data interpretation and results of all the analyses carried out.

Besides, a preliminary 3D hydrogeological model of the pit area should be developed to support dewatering and depressurization estimates

The following is a list of recommendations for the waste dump design:

- Geotechnical and hydrogeological site investigations will need to be completed
- Geotechnical stability analyses of the dumps should be conducted once the site investigations have been completed

27.2.3 Mining

The following are recommendations for the next phase of study:

- A trade-off study is recommended to determine whether the 2000 t/d throughput rate is optimal. This can be accomplished by conducting an economic evaluation of tonnage increments above and below the 2000 t/d rate.
- Detailed mining scheduling and cut-off grade optimization is required to optimize the ore blending strategy, in order to maximize the NPV.
- Detailed studies on the location of the crushers should be undertaken in an attempt to reduce operating costs..
- The pit design should be evaluated for possible reductions to haulage distances

27.2.4 Process and Metallurgy

Further test work is required to confirm the previous test work findings, optimize the process flowsheet, and investigate metallurgical performances. The following are recommendations for the next phase of study:

- Testwork should be conducted on a range of samples that represent the variability of the ore body as it is currently understood. This variability may include lateral extent across the ore body, depth, degree of oxidation, grade or other factors.
- The initial test work indicated that a relatively high (just under 80%) recovery was achieved under CIL conditions with the initial production of a gravity concentrate. This regime is therefore recommended as the "baseline" test condition, and should be conducted on each sample.
- Improving the gold recovery over the baseline figure will involve the production of a flotation concentrate and the subsequent processing of that concentrate. Similar flotation test work should be conducted on each subsequent sample to be tested, with the aim of producing a high recovery concentrate and a "throw away" flotation tailing, however in any cases where a low grade tailing cannot be produced, the flotation tailing should be cyanide leached to determine the potential additional recovery from this stream (or conversely the potential gold loss in discarding this stream).
- There are a number of potential process routes for the flotation concentrate. Roasting, as was tested initially, is unlikely to represent the most cost effective means of effecting what

is a relatively modest overall increment in gold recovery, at least based on the behaviour of the initial sample tested. The recommended process options are:

- ✓ Ultrafine grinding (for example to 80% -10 mm) followed by CIL cyanidation;
- ✓ Bacterial oxidation - this has the potential to produce similar results to roasting, but is likely to represent be a lower capital cost option for a project of this scale);
- ✓ Albion Process - a proprietary process developed by Xstrata and marketed by Core Resources (www.albionprocess.com) that combines ultrafine grinding with sulphide oxidation at atmospheric pressure; if successful this is likely to present a lower cost than bacterial leaching; and
- ✓ Leachox, a proprietary process developed and marketed by Maelgwyn Mineral Services (www.maelgwyn.com/leachox.html); an "enhanced cyanidation" process also involving ultrafine grinding, and again a lower cost alternative to bacterial leaching.

Testwork for the Albion Process and for Leachox must be conducted under the auspices of the respective marketing companies, however the other testwork described above can be undertaken by any suitably equipped metallurgical laboratory.

27.2.5 TSF Design

The following is a list of recommendations for the TSF design:

- Geotechnical and hydrogeological site investigations (i.e. mapping, drilling, geophysics, and test pits excavations) will be needed to develop a preliminary design in the PFS level. Collection of baseline surface water, groundwater quantity, and quality data should be completed.
- Dam slope stability and preliminary seepage analyses should be done once geotechnical site investigations and laboratory testing are completed.
- Laboratory testing should be completed on representative samples of tailings from the Ganajur Main deposit.

27.2.6 Environmental

It is recommended that DESPL proceed with a standard environmental assessment study. During the course of this study, baseline information will be collected which will aid in the environmentally sensitive design of certain project facilities, such as the waste rock facilities and tailings storage facility.

Mine water and waste rock flows will be geochemically characterized to ensure that adequate water treatment is provided during operations and at closure.

28 References

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Signature Page

Updated Mineral Resource Estimate and Preliminary Assessment of the Economic Potential of the Ganajur Main Gold Project, Karnataka, India

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SRK Project Number : **(India) DGML003**
(Canada) 3US038.001
(UK) UK4365

Signature date : **February 03, 2012**

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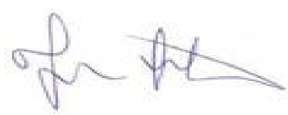


APPENDIX A :Copy of grant of Prospecting License agreement to Deccan Exploration Services Pvt. Ltd. issued by Government of Karnataka

GOVERNMENT OF KARNATAKA

No.CI.157:MMM.2005

Karnataka Government Secretariat
Vikasa Soudha
Bangalore, Dated: 10.09.2009.

-: NOTIFICATION:-

In pursuance of sub-section (3) of Section 5 of the Mines and Minerals (Development and Regulation) Act, 1957, and after obtaining the prior approval of Government of India, Ministry of Mines, New Delhi vide their letter No.4/6/2008-M.IV dated 22.12.2008, the Government of Karnataka hereby accord sanction for grant of Prospecting Licence for a period of three years in favour of M/s.Deccan Exploration Services Private Limited, (formerly known as M/s.Indophil Resources Exploration Services(India) Pvt. Ltd.,) for Gold and associated minerals in non-forest area out of 2.3 Sq.Kms.(excluding forest area covered in 2.3 Sq.Kms.) in Ganajur village of Haveri taluk and District, as per the sketch furnished by the Director of Mines and Geology, Bangalore, subject to compliance of the amended provisions of the Mines & Minerals (Development and Regulation) Act, 1957 and Minerals Concession Rules, 1960 and other applicable Acts and Rules including Forest (Conservation) Act, 1980.

The grant of Prospecting Licence sanctioned herein is also subject to the licensee furnishing consent of the owners of the private lands before entering into such lands and payment of Security Deposit, Prospecting fee and other conditions stipulated in Rule 14 and also other relevant provisions of Mineral Concession Rules, 1960, as amended from time to time.

BY ORDER AND IN THE NAME OF THE GOVERNOR OF KARNATAKA

(M.VASUDEVAMURTHY),
Under Secretary to Govt.(Mines),
Commerce & Industries Department.

To:

The Compiler, Karnataka Gazette, is requested to publish this in Part IV Section, I.C. of the Gazette and to supply 25 copies of Notification to this Office.

Copy to:

1) The Secretary to Government of India, Ministry of Mines, Shastri Bhavan, NEW DELHI-110 001.

2

2) The Controller General, Indian Bureau of Mines, Indira Bhavan, Civil Lines, NAGPUR-440 001.
3) The Chairman-cum-Managing Director, Mineral Exploration Corporation Ltd., High Land Drive Road, Seminary Hills, Nagpur-440 006
4) The Deputy Commissioner, Haveri District, Haveri.
5) The Principal Chief Conservator of Forests, Malleswaram, Bangalore.
6) The Director, Department of Mines and Geology, No.49, "KHANIJA BHAVAN", D. Devaraj Urs Road, Bangalore.560 001.
7) The Regional Controller, Indian Bureau of Mines, Southern Zone, Industrial Suburb,Opp.Old Tumkur Road, Yeshwanthapur,Bangalore.
8) M/s.Deccan Exploration Services Private Limited, Raja Ikon Building, No.89/1, 4th Floor, Marathhalli Outer Ring Road, Bangalore.560 037.
9) The Weekly Gazette.
10) Section Guard File/Spare Copies.

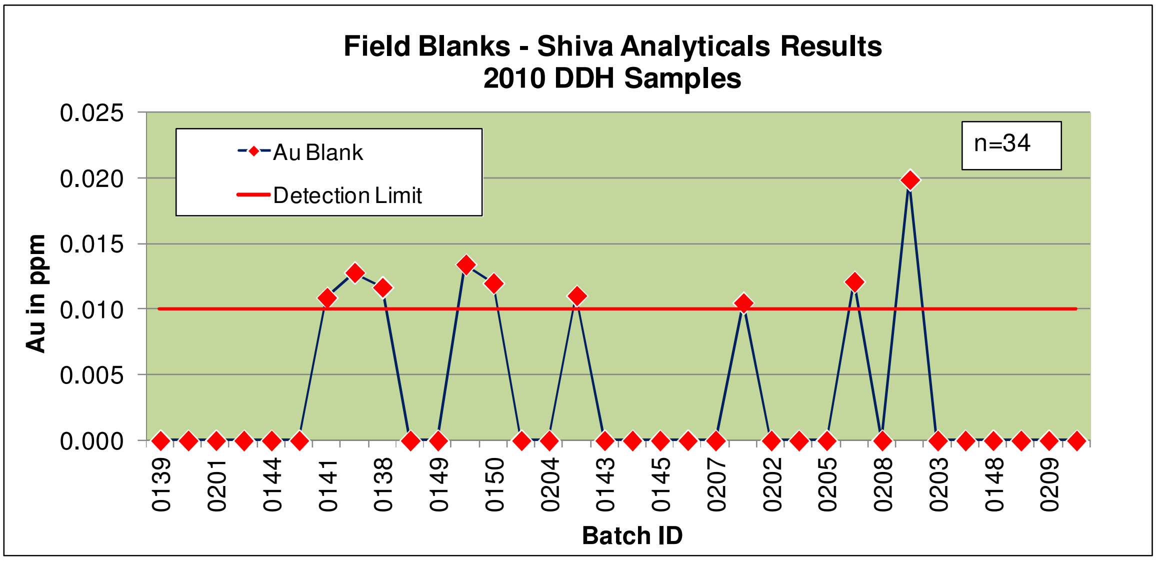
APPENDIX B :Summary of Ganajur Main Exploration Database

Year	2004	2005-2009	2009-2010	Total
Operator	Mining Associates Pvt. Ltd., Asansol	DESPL and APC Drilling and Construction Company, Namakkal	South West Pinnacle Exploration Pvt. Ltd., Gurgaon	
Drilling characteristics				
Number of Borehole	12	22	33	**67**
Borehole type	DTH	RC	Diamond Core	
Length (metre)	649	1,219.00	2503.25	**4371.25**
Borehole surveying				
Collar survey	Yes	Yes	Yes	
Collar Azimuth/plunge	Compas	Compas	Compas	
Downole Surveying	No	No	Reflex	
Core orientation	N/A	N/A	Yes	
Sampling procedure				
Mean Sample length	1.22 metre	1 metre	0.577 metre	**0.776 metre**
Number of intervals	351	393	1268	**2012**
Quality control samples (By DESPL)				
Standards (DESPL Internal)	None	None	83	**83**
rate	0.00%	0.00%	6.50%	
Standards (CRM Lab)	NA	NA	35	**35**
	NA	NA	4.27%	
Field Duplicate	None	None	None	
rate	0.00%	0.00%	0.00%	
Blank (Lab)	NA	NA	34	**34**
rate	Na	NA	2.70%	
Primary Laboratory	Shiva Analyticals, Bangalore	Shiva Analyticals, Bangalore	Shiva Analyticals, Bangalore	
Number of samples	351	393	1268	**2012**
Assay method	F.A. AA	F.A. AA	F.A. AA	
Primary Au assay	351	393	1268	**2012**
Replicate assay	None	None	174	**174**
Other assaying		None	None	
Assay Certificate	Yes	Yes	Yes	
Secondary Laboratory	None	None	SGS	
Assay method	F.A. AA		F.A. AA	
Number of samples	None	None	40	**40**

APPENDIX C :Summary of Analytical Quality Control Data Analysis

Project	Ganajur Main Gold Project
Data Series	2010 DDH Samples
Data Type	Field Blanks
Laboratory	Shiva Analyticals, India

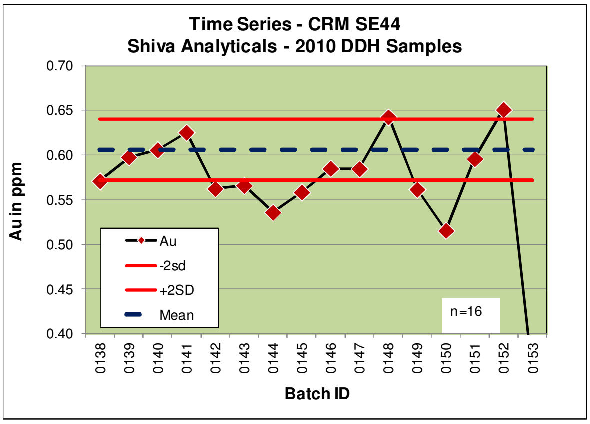
Statistics	**Value**
Expected Value	>0.01
Detection Limit	0.0
Number of Analyses	34.0
Maximum	0.02
Minimum	0.01
Mean	-
Results > Detection Limit (n)	9
Results > Detection Limit (%)	26.5%

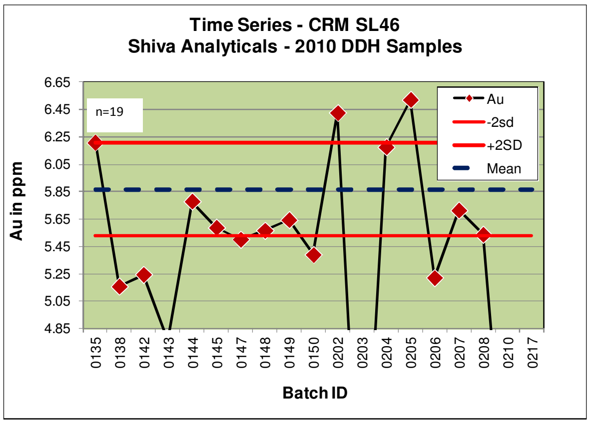


Performance of DESPL Field Blank Samples that was analysed in SHIVA

Project	Ganajur Main Gold Project
Data Series	2010 DDH Samples
Data Type	Certified Reference Material
Laboratory	Shiva Analyticals, India

Statistics	**SE44**	**SL46**
Expected Value	0.606	5.867
Standard Deviation	0.017	0.17
Number of Analyses	16	19
Maximum	0.65	6.52
Minimum	0.35	3.08
Mean	0.57	5.29
Results Outside 2SD (%)	62.5%	63.2%
% Bias	-6.0%	-9.9%

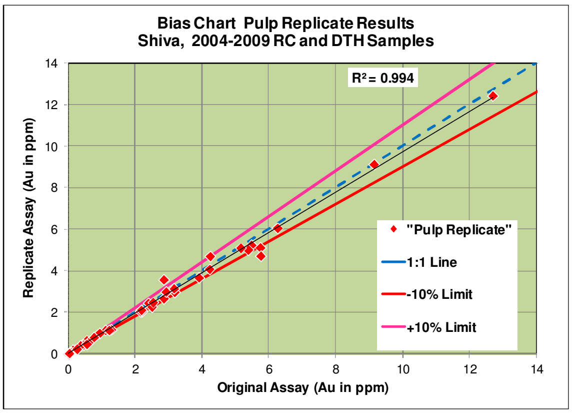


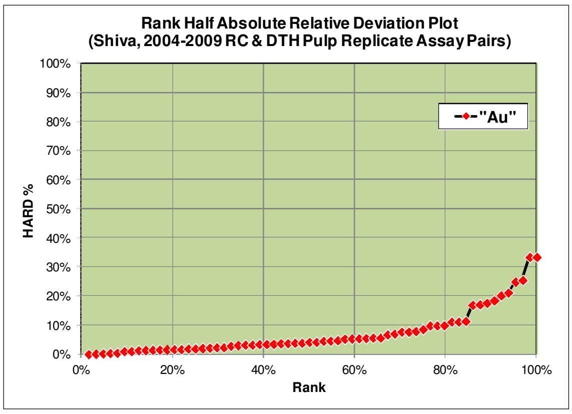


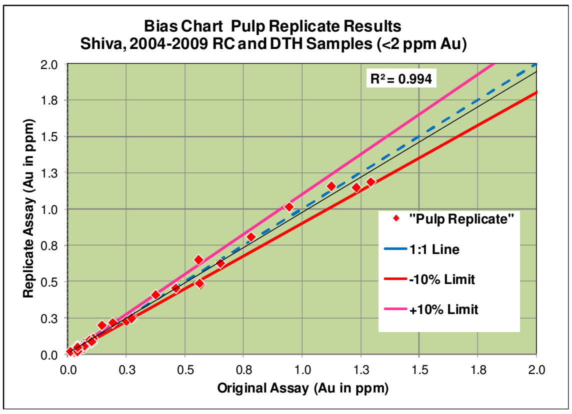
Performance of Certified Reference Material analysed in SHIVA

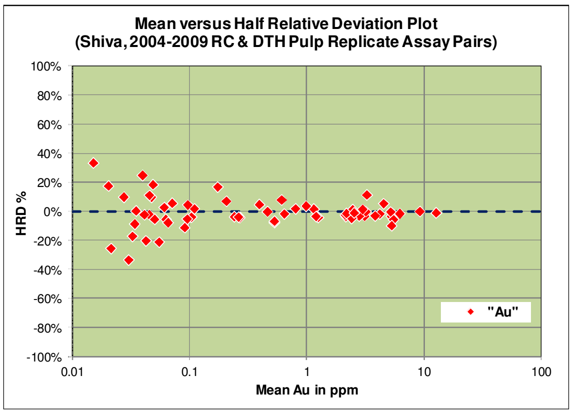
Project	Ganajur Main Gold Project
Data Series	2004-2009 RC and DTH Samples
Data Type	Pulp Replicate
Laboratory	Shiva Analyticals, India

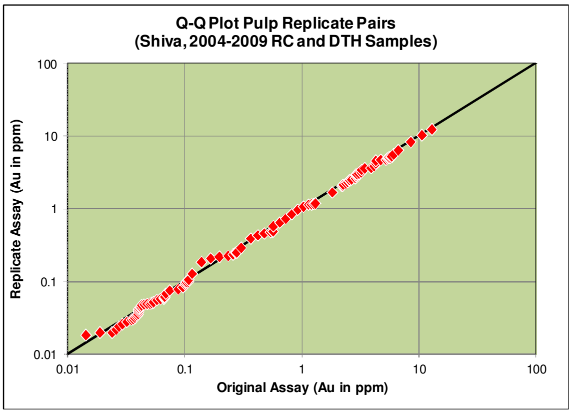
Statistics	Original	Replicate
Sample Count	64	64
Minimum	0.01	0.02
Maximum	12.69	12.44
Mean	1.69	1.65
Standard Deviation	2.49	2.42
Correlation Coefficent	0.997	
Pairs ≤10% HARD	79.7%	

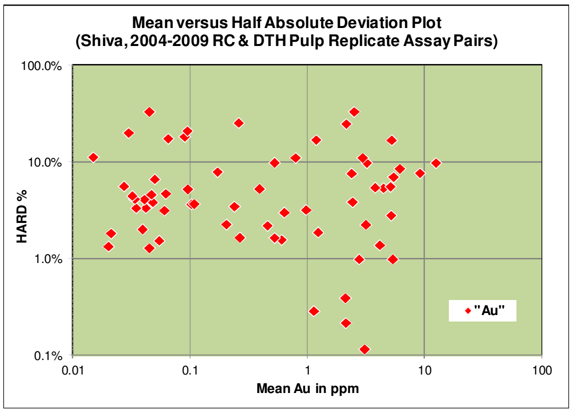








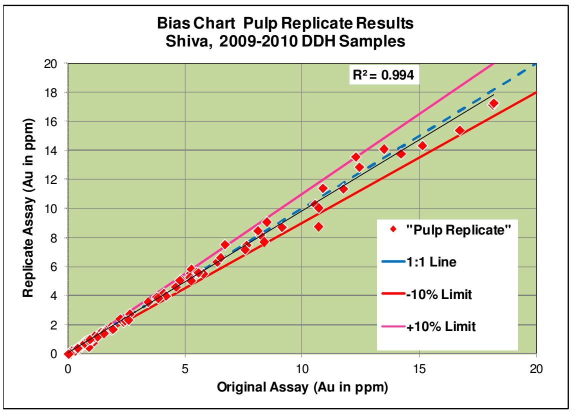


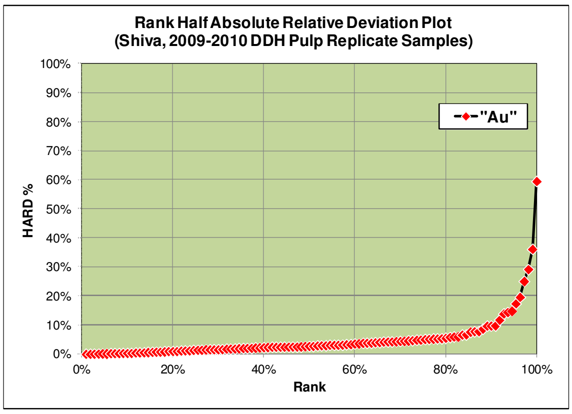


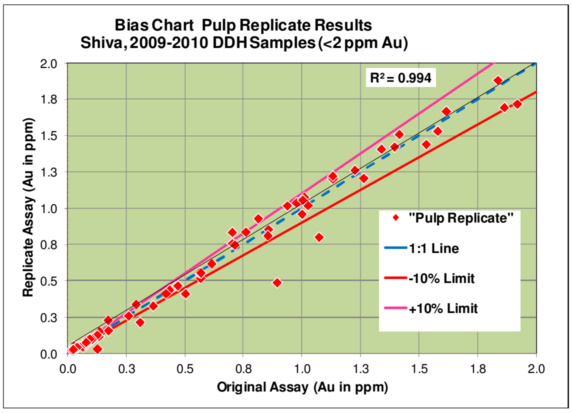
Performance of SHIVA Replicate Analyses of RC and DTH Samples

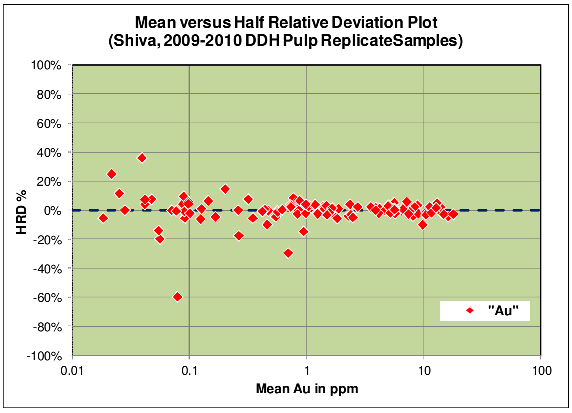
Project	Ganajur Main Gold Project
Data Series	2009-2010 DDH Samples
Data Type	Pulp Replicate
Laboratory	Shiva Analyticals, India

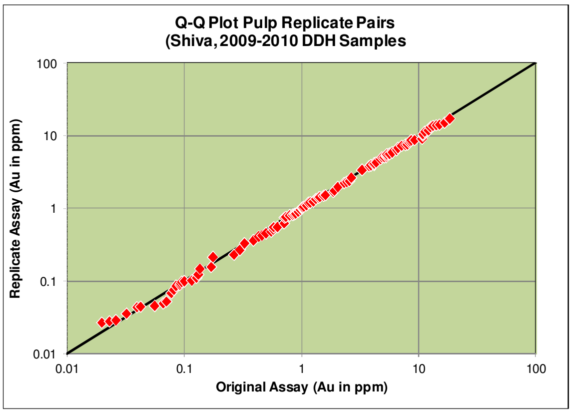
Statistics	Original	Replicate
Sample Count	110	110
Minimum	0.02	0.02
Maximum	18.17	17.30
Mean	3.50	3.48
Standard Deviation	4.46	4.38
Correlation Coefficent	0.997	
Pairs ≤10% HARD	90.9%	

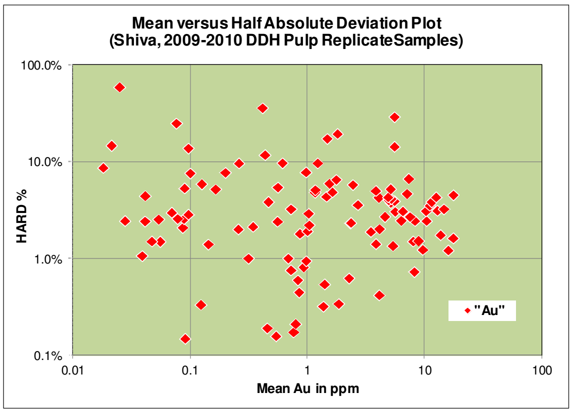










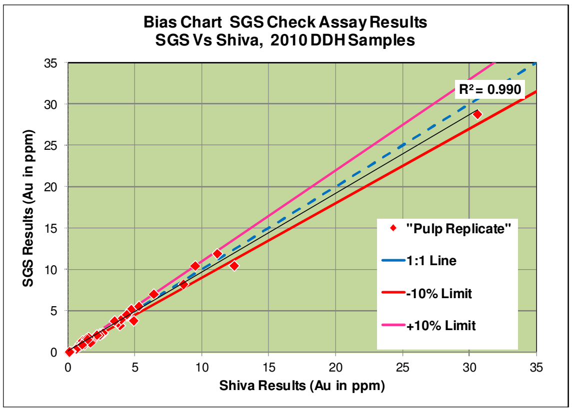


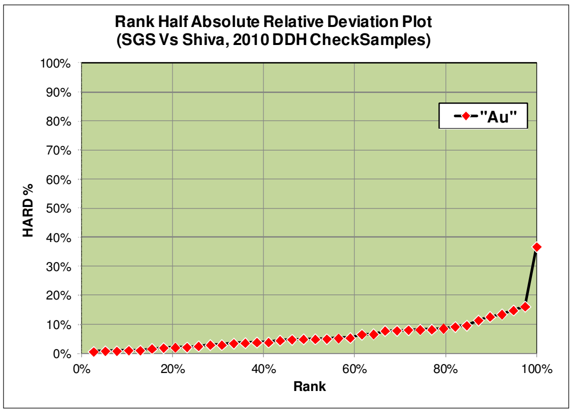
Performance of SHIVA Replicate Analyses of DDH Samples

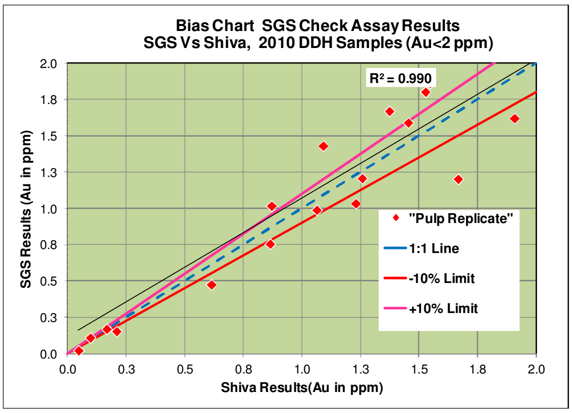
srk consulting

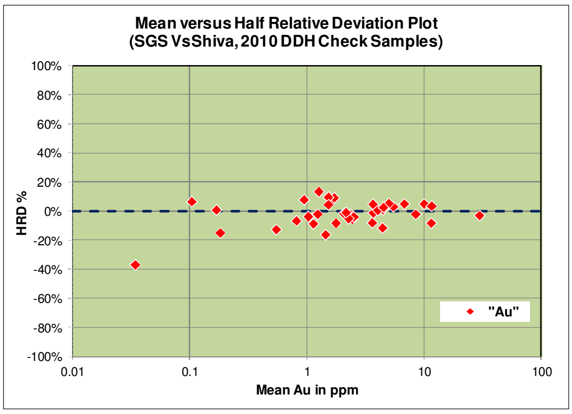
Project	Ganajur Main Gold Project
Data Series	2009-2010 DDH Samples
Data Type	Check Assay Results
Primary Lab	Shiva Analyticals, India
Umpire Lab	SGS, Chennai, India

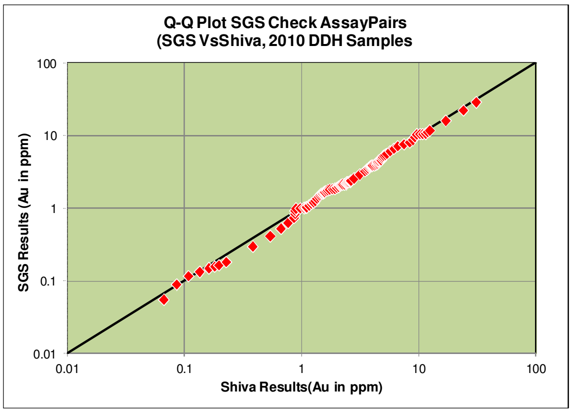
Statistics	**Original**	**Replicate**
Sample Count	39	39
Minimum	0.05	0.02
Maximum	30.58	28.82
Mean	3.88	3.81
Standard Deviation	5.30	5.07
Correlation Coefficent	0.995	
Pairs ≤10% HARD	84.6%	

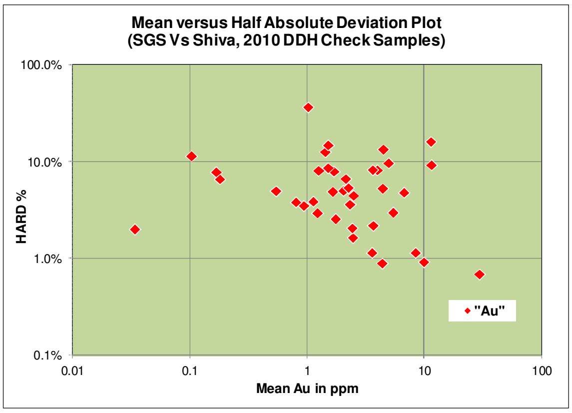












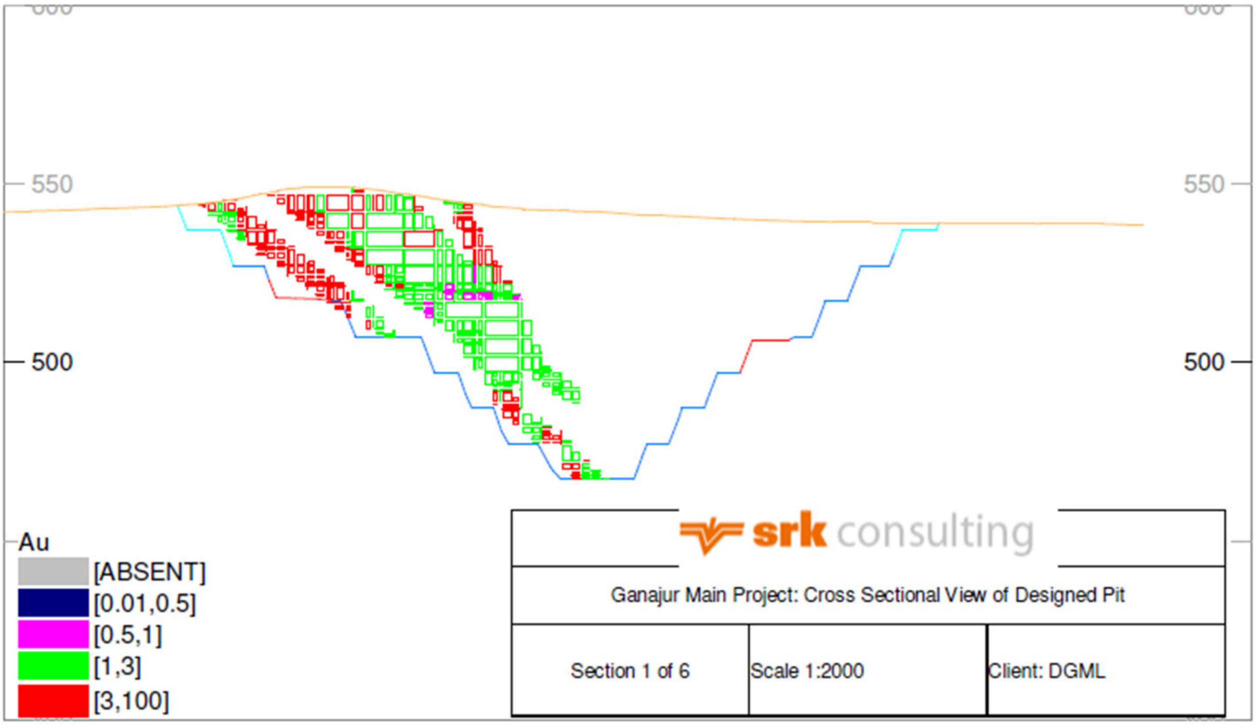
Performance of Check Assay in SGS, Chennai against SHIVA, Bangalore

APPENDIX D :Pit optimisation results

Pit Optimisation Results (Base Case)

Gold Price US$/Oz	Revenue Factor (%)	Pit Shell ID	High Bench Metres	Low Bench Metres	Benches (no)	Processing Cost US$	Mining Cost US$	In situ Ore tonnes	Total Waste tonnes	Stripping Ratio	In situ Grade g/t	Recovered Gold g	Revenue US$	NPV US$
125	10%	Pit 1 (2)	550	545	1	57,126	6,217	3,818	236	0.06	6.38	17,816	680,379	616,772
187.5	15%	Pit 2 (3)	555	470	17	15,131,593	3,990,633	1,011,301	1,496,819	1.48	4.77	3,531,341	134,861,898	104,750,356
250	20%	Pit 3 (4)	555	465	18	21,132,750	5,638,494	1,412,381	2,125,937	1.51	4.52	4,667,522	178,252,669	133,859,131
312.5	25%	Pit 4 (5)	555	465	18	24,176,563	6,854,826	1,615,810	2,679,866	1.66	4.35	5,141,803	196,365,469	144,589,454
375	30%	Pit 5 (6)	555	460	19	28,142,808	8,725,506	1,880,889	3,579,274	1.90	4.12	5,671,853	216,608,071	155,303,754
437.5	35%	Pit 6 (7)	555	460	19	32,013,026	10,549,248	2,139,551	4,461,762	2.09	3.91	6,120,508	233,742,204	163,443,447
500	40%	Pit 7 (8)	555	460	19	33,640,947	11,902,925	2,248,351	5,194,777	2.31	3.85	6,329,911	241,739,316	166,911,236
562.5	45%	Pit 8 (9)	555	460	19	35,232,783	12,917,408	2,354,739	5,719,163	2.43	3.77	6,488,402	247,792,087	169,252,656
625	50%	Pit 9 (10)	555	455	20	37,044,581	14,486,477	2,475,828	6,578,563	2.66	3.69	6,678,875	255,066,228	171,843,567
687.5	55%	Pit 10 (11)	555	455	20	37,989,024	15,499,533	2,538,949	7,144,815	2.81	3.65	6,774,457	258,716,522	172,954,524
750	60%	Pit 11 (12)	555	455	20	38,605,781	16,090,384	2,580,169	7,471,688	2.90	3.62	6,830,645	260,862,329	173,565,855
812.5	65%	Pit 12 (13)	555	455	20	39,105,318	16,492,963	2,613,555	7,689,227	2.94	3.59	6,867,981	262,288,184	173,905,044
875	70%	Pit 13 (14)	555	450	21	39,834,496	17,141,114	2,662,289	8,043,493	3.02	3.55	6,920,768	264,304,129	174,314,946
937.5	75%	Pit 14 (15)	555	450	21	40,046,985	17,491,108	2,676,490	8,246,051	3.08	3.55	6,941,257	265,086,605	174,455,727
1000	80%	Pit 15 (16)	555	450	21	40,212,398	17,593,121	2,687,545	8,297,652	3.09	3.54	6,950,177	265,427,277	174,502,546
1062.5	85%	Pit 16 (17)	555	450	21	40,499,011	18,348,493	2,706,701	8,745,207	3.23	3.53	6,983,332	266,693,431	174,644,893
1125	90%	Pit 17 (18)	555	450	21	40,725,183	18,952,824	2,721,817	9,103,391	3.34	3.52	7,007,994	267,635,274	174,715,301
1187.5	95%	Pit 18 (19)	555	450	21	40,822,983	19,114,073	2,728,353	9,196,901	3.37	3.52	7,015,355	267,916,403	174,729,270
1250	100%	Pit 19 (20)	555	450	21	40,841,320	19,139,739	2,729,579	9,211,652	3.37	3.51	7,016,539	267,961,638	174,730,052
1312.5	105%	Pit 20 (21)	555	445	22	40,975,675	19,384,141	2,738,558	9,353,060	3.42	3.51	7,026,321	268,335,206	174,726,657
1375	110%	Pit 21 (22)	555	445	22	40,989,411	19,408,574	2,739,476	9,367,478	3.42	3.51	7,027,263	268,371,189	174,725,272
1437.5	115%	Pit 22 (23)	555	445	22	41,038,257	19,572,522	2,742,741	9,466,008	3.45	3.51	7,032,178	268,558,885	174,709,357
1500	120%	Pit 23 (24)	555	445	22	41,054,303	19,619,692	2,743,813	9,493,949	3.46	3.50	7,033,579	268,612,369	174,703,195
1562.5	125%	Pit 24 (25)	555	445	22	41,196,058	19,840,870	2,753,287	9,620,882	3.49	3.50	7,041,343	268,908,902	174,661,126

APPENDIX E :Cross-section through the designed pit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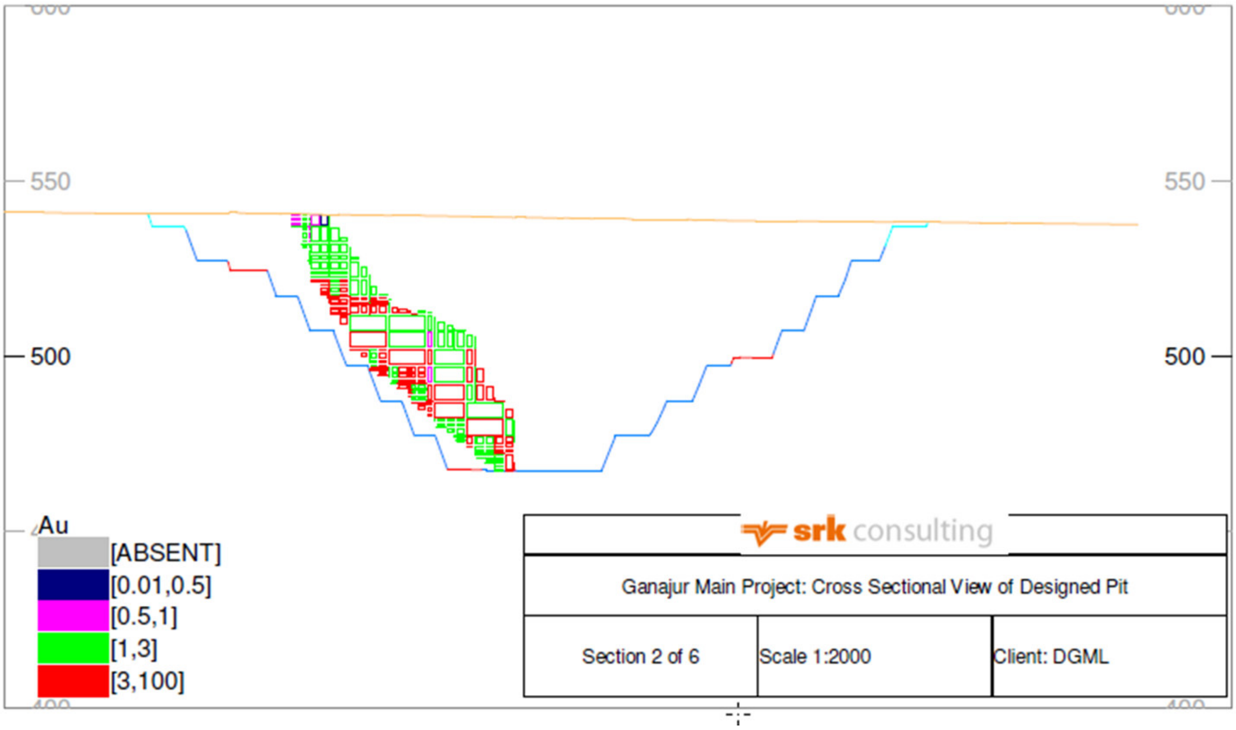
srk consulting
Ganajur Main Project: Cross Sectional View of Designed Pit
Section 1 of 6
Scale 1:2000
Client: DGML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Ganajur Main Project: Cross Sectional View of Designed Pit
Section 2 of 6
Scale 1:2000
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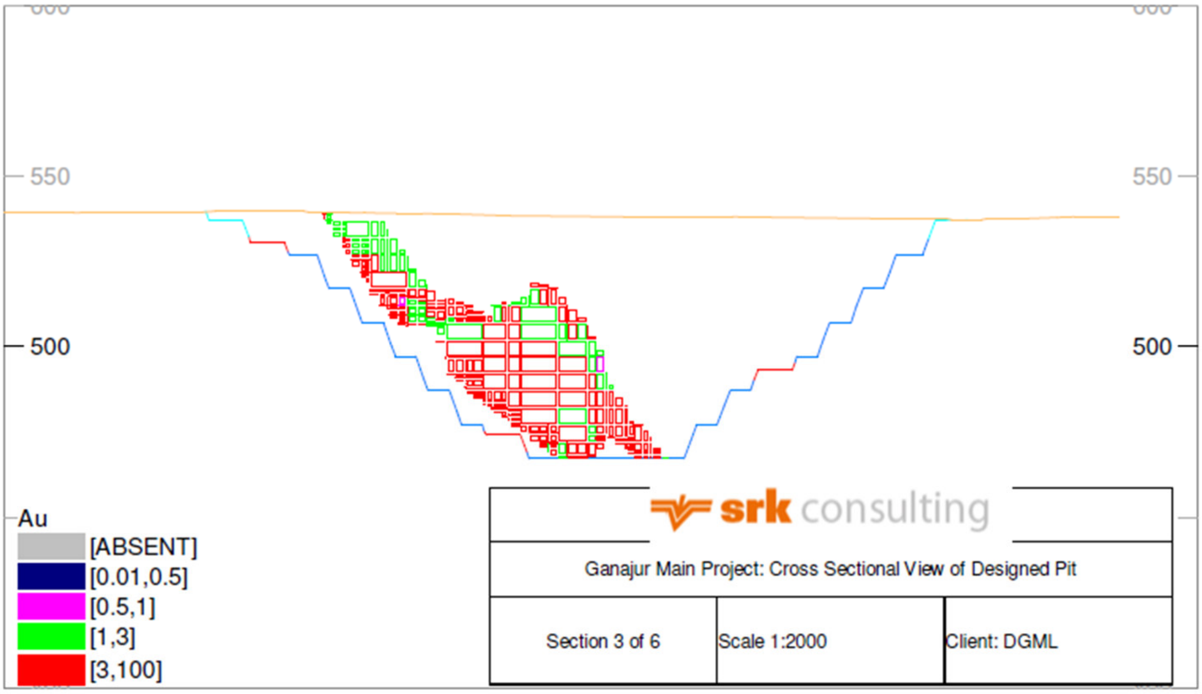
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Ganajur Main Project: Cross Sectional View of Designed Pit
Section 3 of 6
Scale 1:2000
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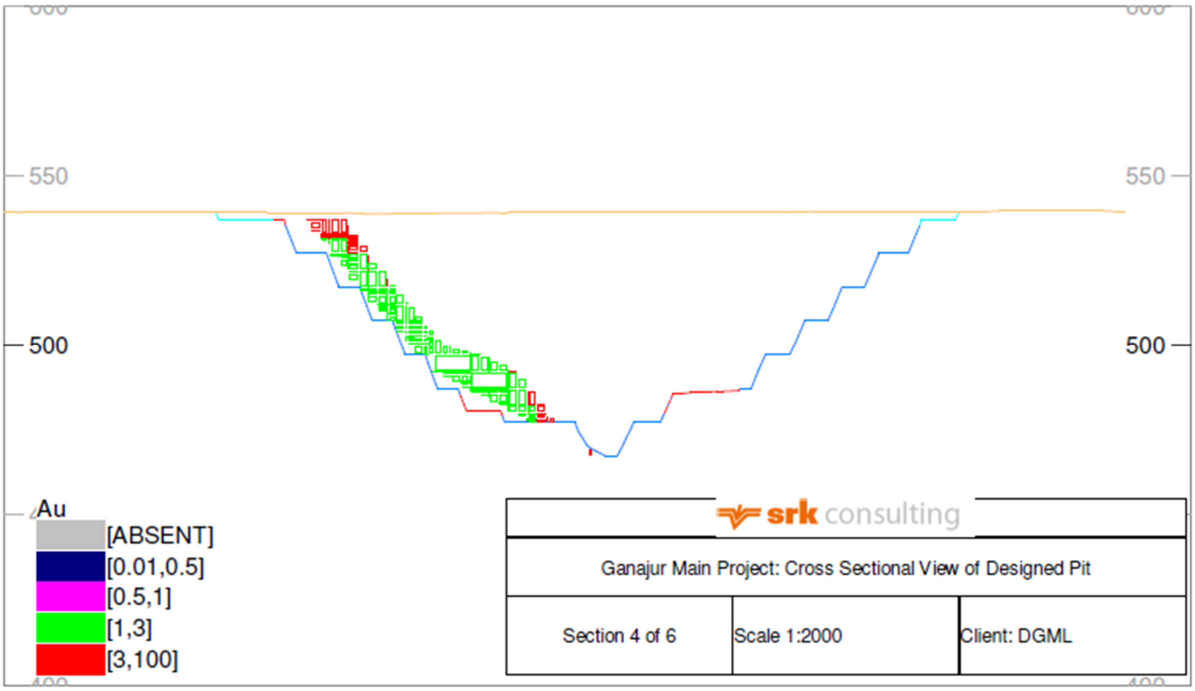
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Section 4 of 6
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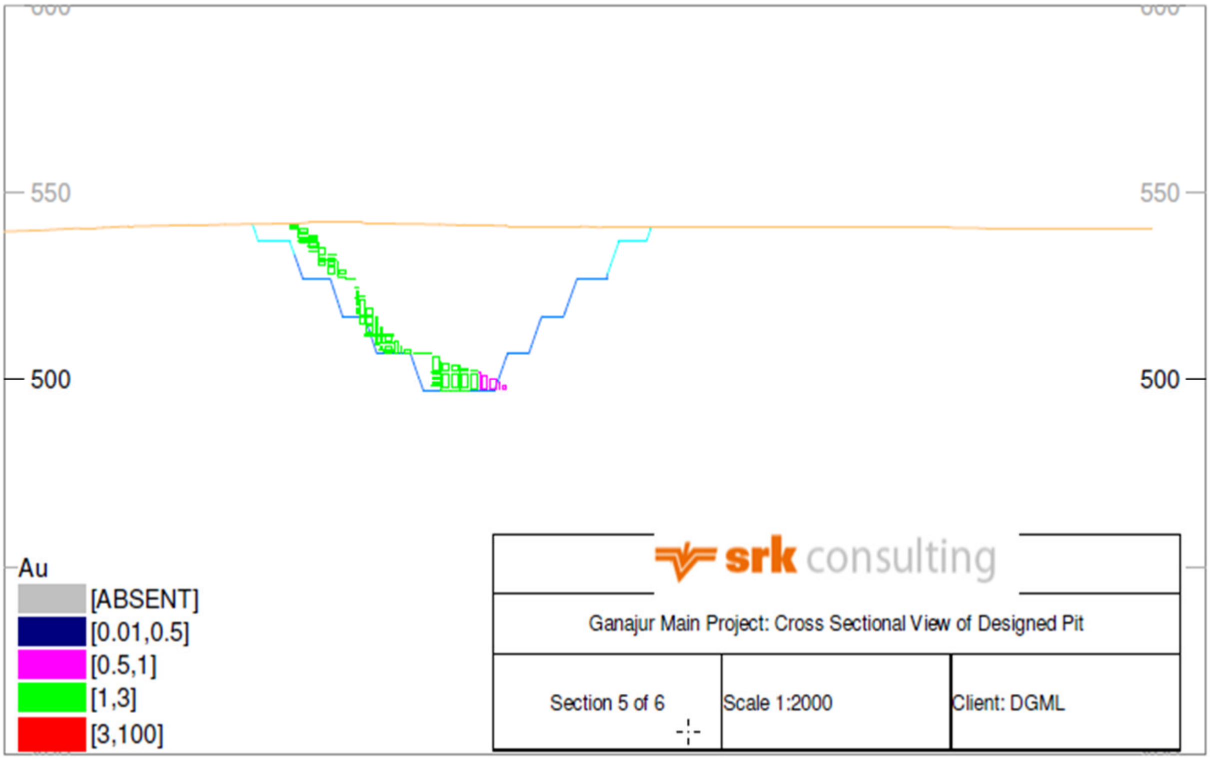
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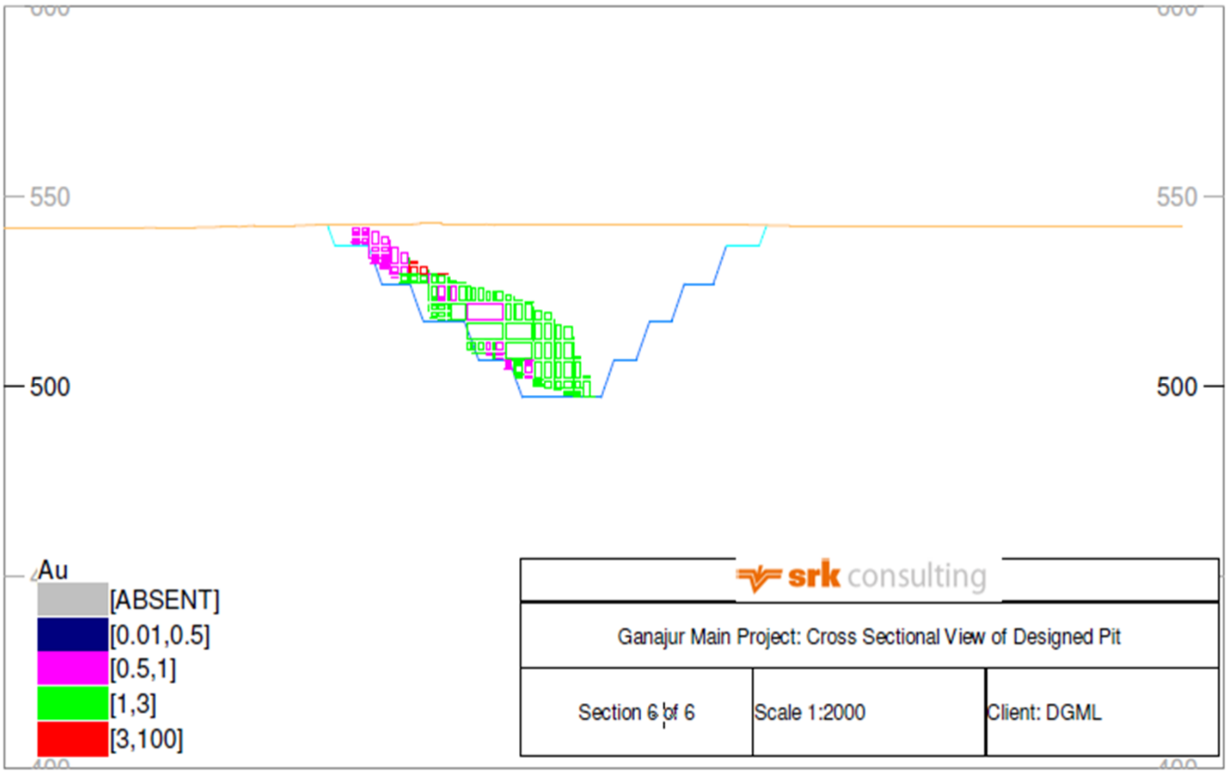
Ganajur Main Project: Cross Sectional View of Designed Pit
Section 5 of 6
Scale 1:2000
Client: DGML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srk consulting
Ganajur Main Project: Cross Sectional View of Designed Pit
Section 6 of 6
Scale 1:2000
Client: DGML

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