



DECCAN GOLD

MINES LIMITED

(CIN : L51900MH1984PLC034662)

Corporate & Correspondence Address

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

April 16, 2019

Corporate Relationship Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001

(BSE Scrip Code : 512068)

Dear Sirs,

Sub:	Ganajur Mining Lease (ML) application – Writ of Mandamus filed by Deccan Exploration Services Private Limited (DESPL) – favourable disposal by the Hon'ble High Court of Karnataka – receipt of Certified Copy of Court Order (copy attached)
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We are pleased to intimate that Deccan Exploration Services Private Limited (DESPL), our wholly-owned subsidiary, has received a Certified Copy of Order dated March 21, 2019 (copy attached) passed by the Hon'ble High Court of Karnataka on the Writ of Mandamus filed by it with regard to its Ganajur Gold Project.

As noted in our earlier Update made on March 22, 2019, the Hon'ble High Court of Karnataka expeditiously resolved the captioned Writ of Mandamus in DESPL's favour and passed an Order directing the Commerce & Industries Department, Government of Karnataka (C & I) to consider the Ganajur ML application of DESPL within a period of 6 weeks' in the light of approvals received by DESPL from various authorities including representations made by the Company to the Government.

The following key points may be noted from the Court Order:

- The Writ Petition was filed to direct the Commerce & Industries Department, Government of Karnataka (C & I) to issue the Grant Notification Letter and subsequently execute the Mining Lease deed in favour of DESPL acting in furtherance of the direction of the Central Government contained in its letter dated February 7, 2017.

It may be noted that the Ministry of Mines, Government of India (Central Government) vide its letter dated February 7, 2017 (attached as an Annexure to the Writ of Mandamus) inter-alia, directed the C & I that "the grant of ML in this case pertains to the prior approval which has been granted on July 24, 2015, the State Government may, therefore, get the ML executed in accordance with law at the earliest and the clearances & approvals for starting the mining operation may be expedited."



Registered Office

Parinee Crescenzo, 803, 8th Floor, opp. MCA, C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.
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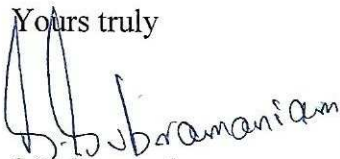
- The Ganajur ML application was processed by the Central Government and the C & I has also received the necessary NOCs. However, despite repeated requests, the C & I have not considered DESPL's ML application.
- Drawing reference to one such representation made vide DESPL's letter dated July 16, 2018 to the Secretary, C & I, the Order disposes the Writ Petition with a direction to the Respondents viz., C & I and Department of Mines & Geology, Government of Karnataka to consider DESPL's representation dated July 16, 2018 within an outer limit of six weeks from the date of receipt of a copy of this Order.
- The Government Counsel has submitted that representation dated July 16, 2018 made by DESPL shall be considered and appropriate orders would be passed within a period of six weeks.

The representation made on July 16, 2018 to the Secretary, C & I was attached as an Annexure to the Writ of Mandamus. Whilst we attach the letter for ready reference, it may be noted that this letter provides a background of the Ganajur Gold Project along with its present status, potential benefits, the approvals it had received over time and DESPL's concerns and requests a positive intervention of the Secretary, C & I to issue the Grant Notification Letter for the Ganajur Gold Project at the earliest.

We shall be shortly approaching the Commerce & Industries Department, Government of Karnataka with a representation (being drafted by our Legal Counsel) to which a copy of the Court Order and approvals that the Ganajur Gold Project has received over time will be attached and seek issue of Grant Notification Letter within the time frame directed by the Hon'ble High Court.

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

Yours truly


S. Subramaniam
Company Secretary



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IN THE HIGH COURT OF KARNATAKA AT BENGALURU**DATED THIS THE 21ST DAY OF MARCH, 2019****PRESENT****THE HON'BLE MR. L. NARAYANA SWAMY,
ACTING CHIEF JUSTICE****AND****THE HON'BLE MR. JUSTICE P.S. DINESH KUMAR****WRIT PETITION NO.55667/2018(GM-MM-S)****BETWEEN:**

M/S DECCAN EXPLORATION SERVICES PVT. LTD.
NO.5,19TH MAIN ROAD,
4TH SECTOR, HSR LAYOUT,
BANGALORE - 560 012
REPRESENTED BY AUTHORISED SIGNATORY
MR.SANDEEP LAKHWARA

... PETITIONER

(BY SRI.D.L.N. RAO, SENIOR ADV. FOR
SMT.PALLAVI BARUAH, ADV.)

AND:

1. STATE OF KARNATAKA
REPRESENTED BY SECRETARY TO GOVERNMENT,
DEPARTMENT OF COMMERCE AND INDUSTRIES,
(MINES, MSME & SUGAR)
135,1ST FLOOR, VIKASA SOUDHA,
DR.AMBEDKAR VEEDHI,
BENGALURU - 560 001

2. COMMISSIONER AND DIRECTOR
DEPARTMENT OF MINES & GEOLOGY
"KHANIJA BHAVAN",
RACE COURSE ROAD,
BANGALORE - 560 001

... RESPONDENTS

(BY SRI.VIKRAM HUILGOL, HCGP)



This Certified copy contains.....3.....Pages
And Copying charges of ₹.....10.....
Received

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO DIRECT THE R-1 TO ISSUE THE GRANT NOTIFICATION LETTER AND SUBSEQUENTLY EXECUTE THE MINING LEASE DEED IN FAVOUR OF THE PETITIONER ACTING IN FURTHERANCE OF THE DIRECTION OF THE CENTRAL GOVERNMENT CONTAINED IN ITS LETTER DATED 07.02.2017, COPY PRODUCED AT ANNEXURE - T.

THIS WRIT PETITION COMING ON FOR PRELIMINARY HEARING THIS DAY, **ACTING CHIEF JUSTICE**, MADE THE FOLLOWING:

ORDER

The petitioner has made an application in the prescribed Form-I on 08.06.2006 for grant of mining lease for gold which is marked as Annexure D. The competent authority, the Government of India, Ministry of Mines has processed petitioner's application. Necessary NOCs have also been received by the respondents. However, despite repeated requests, respondents have not considered petitioner's application.

2. Sri D.L.N. Rao, learned Senior counsel for the petitioner, adverting to one such representation produced as Annexure W1 dated 16.07.2018 addressed to the Secretary, Commerce and Industries Department, Bangalore submits



that respondents have not considered petitioner's representation. Accordingly, he seeks a direction to the respondents to consider petitioner's application for grant of mining lease for gold and to execute the mining lease deed.

3. On the other hand, the learned counsel for the respondents submits that representation as per Annexure W1 dated 16.07.2018 shall be considered and appropriate orders would be passed within a period of six weeks.

4. We **dispose of** this writ petition with a direction to the respondents to consider petitioner's representation dated 16.07.2018 (Annexure-W1) within an outer limit of six weeks from the date of receipt of a copy of this order.

No costs.



Sd/-
ACTING CHIEF JUSTICE

Sd/-
JUDGE

- a) The date on which the application was made 27/3/19
 b) The date on which charges and additional charges (if any) are called for
 c) The date on which charges and additional charges, if any are deposited/Paid
 d) The date on which the copy is ready 12/4/19
 e) The date of notifying that the copy is ready for delivery 12/4/19
 f) The date on which the applicant is required to appear on or before 20/4/19
 g) The date on which the copy is delivered to the Applicant
 h) Forwarded by 15/4/19

'TRUE COPY'

Section Officer,
High Court of Karnataka
Bangalore - 560 001

DECCAN EXPLORATION

SERVICES PVT LTD

(CIN : U27205KA1997PTC022819)

July 16, 2018

The Secretary,
Commerce & Industries Department,
Vikasa Soudha, Bangalore.

Dear Mr Kataria,

Sub:	Deccan Exploration Services Private Limited (DESPL) - Grant of Mining Lease for Gold over an area of 72 acres in Ganajur Village, Haveri District, Karnataka – approved by Central Government – awaiting issue of Letter of Intent / Grant Notification Letter from the Government of Karnataka
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Thank you for the courtesy extended when I met you on June 27, 2018 and again on July 12, 2018 as a follow-up to discuss the above subject, present our case and explain our concerns.

As desired by you, I am writing this letter to present a brief background on the Ganajur Gold Project along with its present status, potential benefits and our concerns. As advised by you, I also confirm that our representatives will be attending the meeting convened by you on Wednesday, July 18, 2018 at your office.

Introduction

Deccan Exploration Services Private Limited (DESPL) is a wholly-owned subsidiary of Deccan Gold Mines Limited (DGML), the only gold exploration company listed on the Bombay Stock Exchange Limited, Mumbai. As a result of systematic and detailed gold exploration activities carried out since inception, DGML / DESPL have identified a large portfolio of gold prospects primarily in the State of Karnataka over which mineral concession applications are at various stages of consideration at the Government level.

Ganajur Gold Project

The key project of DESPL is the Ganajur Gold Project in Haveri District, Karnataka over which a Mining Lease (ML) application covering an area of 72 acres was lodged in 2006 with the Government of Karnataka. Ganajur Gold deposit was discovered by DESPL through adoption of modern exploration methods and latest technology carried out under RP and PL. We have spent significant amount of money for making this discovery.

Snowden, an internationally reputed Geological & Mining Consultant based out of Perth, Western Australia completed a comprehensive Feasibility Study for the Ganajur Gold Project. The results of the Study have been very positive with significant NPV and IRR values. A gold resource of about 308,000 Oz has been estimated by Snowden for the Ganajur Gold Project. Most of this resource is classified under the JORC 'Measured' Category. JORC is the Australian Standard set by the Joint Ore Resources Committee (JORC) in Australia to validate the authenticity of gold resources and extensively used by Consultants such as Snowden.

DESPL has concluded that based on study inputs and outcomes, the Ganajur Gold Project is an economically attractive and robust Project that can be developed into a viable gold producing operation.



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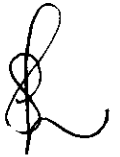
Potential Benefits

- Investment in the vicinity of USD 50 m in the region for project development in a backward region of the State of Karnataka with attendant direct / indirect benefits
- Revenues to the State by way of royalty
- Increase in production of gold within India helping reduce its dependency on gold imports
- Reduction in Current Account Deficit largely caused by outflow of funds to import gold
- Development of gold mining industry in the private sector
- Multiple benefits to locals – Land Sale at a price determined by the Government substantially benefitting the farmers; employment opportunity for nearly 500 people from the local community; improvement of infrastructure; education; health centers; clean drinking water; better access roads; electricity; improved health & sanitation
- CSR activities inclusive of upgrading of amenities at schools, libraries, computers for learning, skill development to local youth, playgrounds, toilets resulting in overall socio economic development of the area
- Sustainable environmental benefits through the requirement for creation of a green belt around the mine site

We have made significant progress in terms of obtaining regulatory approvals for creation of infrastructure for the Project viz., water supply and electricity. As regards land acquisition, the landowners (who own the area covered under the ML application) are very keen to see the Project come to fruition. Land acquisition process is proposed to be completed through the KIADB and we have already made a payment of Rs. 6.82 crore (40% of the land acquisition cost) to them. It may be noted that DESPL also signed an MoU with the Government of Karnataka during the Global Investors' Meet, 2010 and the Project has also been approved by the State High Level Clearance Committee (SHLCC).

Approvals

- **November, 2010 – ML grant recommended by the State Government** to the Ministry of Mines, Government of India (Central Government) for its prior approval in terms of Mines & Minerals (Development & Regulation) Act, 1957 (MMDR)
- **April 2012** - The SHLCC approved the allotment of 200 acres of land for the Ganajur Gold Mining Project and Ore Processing Plant
- **April 2015** - The Indian Bureau of Mines (IBM) submitted a detailed and positive report with regard to mineralization and UNFC classification in response to the clarification sought by the Central Government. In its report, IBM classified the gold ore reserve under UNFC 121 (Probable Mineral Reserve) and stated that an optimal and scientific mining plan can be prepared for the Ganajur ML area
- **July, 2015** - After processing at multiple levels and exchange of correspondence between the Central Government and the State Government & IBM, the **Central Government accorded its prior approval for grant of ML**
- **April 2016** – DESPL obtained Terms of Reference (TOR) from the Ministry of Environment and Forests, Government of India for obtaining Environmental clearance for the proposed 1000 tonnes per day processing plant



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- **February, 2017 - Central Government clarified that their prior approval granted during July 2015 was under Section 10A(2)(b) introduced into MMDR by the MMDR Amendment Act, 2015 w.e.f. January 12, 2015.** In its earlier approval dated July 24, 2015 the Central Government had inadvertently noted that its approval was under Section 5(1) of MMDR. Further, Central Government advised the State Government to get the ML executed in accordance with law at the earliest and the clearances & approvals for starting the mining operation may be expedited
- **August, 2017 - DESPL's application for allotment and acquisition of additional area of 55 acres through KIADB was approved by the State Level Single Window Clearance Committee on August 9, 2017**
- **October, 2017 - C & I referred the file to Law Department, Government of Karnataka for an opinion on its queries**
- **April 23, 2018 - Law Department forwarded its opinion to the C & I.** In its opinion, the Law Department has positively and definitively clarified the queries raised by C & I and had advised C & I to process the ML application on the basis of the materials available on record.

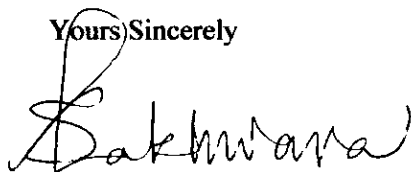
The file is now with C & I and awaits issue of Letter of Intent / Grant Notification Letter from the Government of Karnataka.

Concerns

It is nearly 3 years since the Government of Karnataka received the prior approval of the Central Government and 8 years since the Government of Karnataka recommended the proposal to the Central Government and we are still awaiting the LoI / Grant Notification Letter from the State Government. Due to this delay, we are unable to make any progress in implementation of the gold project. We are planning to commence commercial gold production by the end of year 2019 subject to receiving all statutory approvals.

In view of the above facts, I would request your positive intervention and decision to issue the LoI / Grant Notification Letter for the Ganajur Gold Project.

Yours Sincerely



Sandeep Lakhwara
Managing Director
Deccan Gold Mines Limited
(Parent Company of DESPL)