

COMMENCEMENT OF RESOURCE DRILLING IN GANAJUR MAIN GOLD PROSPECT

20 May, 2010
Bangalore,

Deccan Gold Mines Limited or "DGML" (BSE Scrip Code : 512068) had earlier commissioned M/s. SRK Mining Services (India) Private Limited, Engineers and Consultants ("SRK") to assess, evaluate and certify the data and gold resources in the Ganajur Main Gold Prospect near Haveri in Karnataka, based on exploration work undertaken by DGML's 100% owned subsidiary Deccan Exploration Services Private Limited (DESPL).

A copy of their report is now available on DGML's website. SRK in their conclusions note that "DESPL was successful in delineating an Indicated Mineral Resource estimated at total 1.8 million tonnes grading an average of 4.07 grams per tonne gold and an additional 0.32 million tonnes grading 2.61 grams per tonne gold in the Inferred category." SRK further notes that "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" and that "Mineral Reserves can only be estimated based on the results of an economic evaluation as part of a preliminary feasibility study or feasibility study."

SRK recommends that DESPL undertake "additional exploratory drilling to expand the size and improve the delineation of the gold mineralization" and notes that "SRK is confident that additional infill drilling will greatly improve the understanding of the structural setting of the gold mineralization, and allow upgrading the classification of the Mineral Resources."

Accordingly, DESPL has now initiated the 3rd phase of resource drilling. Based on the results of this drilling program, DESPL will consider the commissioning of a preliminary feasibility study to estimate the Mineral Reserves and ascertain the economic viability of mining such reserves.

The planned quantum of core drilling in the 3rd phase is 1500 metres. As in the past, DESPL has adopted state-of-the-art drilling technology involving core orientation techniques and down hole survey to assess the sub-surface structure & dimensions of the gold resource along side best Quality Assurance/Quality Control measures. The results of the drilling will be made available on our website as soon as practical after completion of drilling and analysis of drill core samples.

DGML is also happy to announce that DESPL's mining lease application has already received recommendations and approval of the State DMG, Karnataka.