

Lionsgold Limited
Half Year Report
for the six months ended 31 December 2017

Lionsgold Limited (“Lionsgold”, “LION” or the “Company”), the India-focused gold exploration company with additional exploration assets in Finland and an interest in a physical gold online trading platform, announces its unaudited results for the six months ended 31 December 2017.

Highlights for the period:

- New equity capital raised during the period totalling £1,171,000 through the exercise of warrants and management options and a part placing;
- Increased shareholding to 21.15% of leading India gold exploration and mine development company Geomysore Services (India) Private Limited (“Geomysore”);
- Final results of feasibility study completed at Geomysore’s most advanced project, Jonnagiri, resulting in ‘decision to mine’, and new Mining Lease targets identified, located in the southern part of the Kolar Gold Field;
- Increased shareholding to 28.3% in Finnish gold joint venture company, Kalevala Gold Oy (“Kalevala”);
- Kalevala added 277.7km² prospecting licensed area and received approval for 200 tonnes of gold ore for equipment testing;
- Increased shareholding to 55% majority ownership of TRAC Technology Limited (“TRAC”) prior to design of Goldbloc by TRAC’s CEO and LION’s CEO;
- Digital gold currency, Goldbloc, announced to market enabling physical gold to be directly owned within a bank account (product targeted for release Q2 2018);
- E-Money (electronic money) Licence received from the FCA (Financial Conduct Authority) permitting TRAC to act as a payment or e-money institution (FCA reference number 902012);
- Non-Executive Chairman appointed to the Board on 23 November 2017 adding technical geological and operational knowledge;
- Former Rio Tinto Chief Executive Energy & Minerals who was head of all Rio projects in India for over eight years, joined Lionsgold as part-time Global Strategy Consultant;
- Cash at bank at the end of the period £1.16m;
- Over £1m received post period end from warrants exercised and balance of December 2017 placing;
- Post period end, Lionsgold acquired 12.5% shareholding of banking and compliance technology platform provider, Railsbank Technology Limited (“Railsbank”) and secured a 3-year exclusive to utilise the platform to enable physical gold and gold derivative products in bank accounts.

Board changes

On 23 November 2017, Luke Cairns stepped down as Executive Director and David Price was appointed as Non-Executive Chairman.

Key financials

The loss after tax for the period was £542,630 (unaudited) compared to £452,979 for the period to 31 December 2016.

As at 31 December 2017, the Group’s cash balances were £1,160,741 (31 December 2016: £493,693).

Cameron Parry, Chief Executive Officer of Lionsgold Limited, commented:

“Lionsgold transformed in its size and capacity during the period ended 31 December 2017. During the period, it increased its operational input and ownership position across its three divisions: India Gold, Fintech Gold and Finland Gold and achieved through equity capital raisings at market price structured

with warrants priced at significant premiums, a robust cash position with access to further capital, to execute its strategic plans in 2018.

“Lionsgold has direct exposure to the Indian market via our mining interest and the global banking industry through the development of Goldbloc - the digital gold currency to be utilised in bank accounts. It is an exciting chapter Lionsgold is entering and we look forward to reporting on the Company’s many business opportunities and developments throughout the course of the year.”

For further information, please contact :

Lionsgold Limited

Cameron Parry (Chief Executive Officer)
Adam Ronaldson (Chief Financial Officer)

Tel: +44 (0) 20 7397 2880

WH Ireland Limited (Nominated Adviser)

Tim Feather
Chris Viggor

Tel: +44 (0) 113 394 6600

Smaller Company Capital Limited (Broker)

Rupert Williams
Jeremy Woodgate

Tel: +44 (0) 20 3651 2911

Lionsgold Limited and its controlled entities
Condensed consolidated Statement of Comprehensive Income (unaudited)
for the six months ended 31 December 2017

	Six months ended 31 December 2017 (unaudited) £	Six months ended 31 December 2016 (unaudited) £	Year ended 30 June 2017 (audited) £
Salaries and wages	(83,249)	(144,375)	-
Share Based Payments	(40,000)	(55,000)	-
Other administrative expenses	(174,242)	(237,931)	(699,569)
Loss from operating activities	(297,491)	(437,306)	(699,569)
Finance income	43	383	799
Finance costs	(547)	-	(75,878)
Net finance income/ (costs)	(504)	383	75,079
Share of loss of associates	(81,656)	(16,056)	(87,608)
Loss before tax	(379,651)	(452,979)	(862,256)
Income tax	-	-	-
Loss for the period/ year	(379,651)	(452,979)	(862,256)
Other comprehensive loss <i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation variances	(87,597)	(11,096)	(2,885)
Foreign exchange loss on disposal of subsidiary	(75,382)	-	-
Total comprehensive loss for the period/ year	(542,630)	(464,075)	(865,141)
Total comprehensive loss attributable to:			
Owners of the parent	(531,129)	(464,075)	(865,141)
Non-controlling interest	(11,501)	-	-
Basic and diluted loss per share (GBP)	(0.15)	(0.24)	(0.44)

All results are derived from continuing activities.

Lionsgold Limited and its controlled entities
Condensed consolidated Statement of Financial Position (unaudited)
as at 31 December 2017

	31 December 2017	31 December 2016	30 June 2017
	£	£	£
Non-current assets	(unaudited)	(unaudited)	(audited)
Investment in associates	3,426,122	2,997,606	2,926,054
Intangible assets	215,844		
Investments	-	87,381	539,945
Total non-current assets	<u>3,641,966</u>	<u>3,084,987</u>	<u>3,465,999</u>
Current assets			
Trade and other receivables	44,139	1,977	3,537
Prepayments and other assets	3,935	11,529	831
Other receivables	-	135,233	-
Term deposits	-	166,142	71,435
Cash and cash equivalents	1,160,741	446,241	493,693
Total current assets	<u>1,208,815</u>	<u>761,122</u>	<u>569,496</u>
Total assets	<u>4,850,781</u>	<u>3,846,109</u>	<u>4,035,495</u>
Current liabilities			
Trade and other payables	115,510	118,640	77,624
Total current liabilities	<u>115,510</u>	<u>118,640</u>	<u>77,624</u>
Total liabilities	<u>115,510</u>	<u>118,640</u>	<u>77,624</u>
Total net assets	<u>4,735,271</u>	<u>3,727,469</u>	<u>3,957,871</u>
Equity			
Share capital	-	-	-
Share premium	25,773,402	23,957,858	24,588,942
Reserves	(92,495)	68,106	47,743
Accumulated losses	(21,046,964)	(20,298,495)	(20,678,814)
Non controlling interest	101,328	-	-
Total equity	<u>4,735,271</u>	<u>3,727,469</u>	<u>3,957,871</u>

Lionsgold Limited and its controlled entities
Condensed consolidated Statement of Changes in Equity
for the six months ended 31 December 2017

	Share capital	Share premium	Share based payment reserve	Foreign exchange translation reserve	Accumulated losses	Total equity
	£	£	£	£	£	£
Balance at 1 July 2016	7,440,546	15,690,724	28,958	(11,286)	(19,845,516)	3,303,426
Loss for the period	-	-	-	-	(452,979)	(452,979)
Other comprehensive loss - foreign exchange translation variances	-	-	-	(11,096)	-	(11,096)
Total comprehensive loss for the period	-	-	-	(11,096)	(452,979)	(464,075)
Issue of ordinary shares	-	996,600	-	-	-	996,600
Cost of issue	-	(108,482)	-	-	-	(108,482)
Issue of warrants	-	(61,530)	61,530	-	-	-
Reallocation of share capital to share premium following designation of shares to no par value	(7,440,546)	7,440,546	-	-	-	-
Total contributions by and distributions to owners	(7,440,546)	8,267,134	61,530	-	-	888,118
Balance at 31 December 2016	-	23,957,858	90,488	(22,382)	(20,298,495)	3,727,469

Lionsgold Limited and its controlled entities
Condensed consolidated Statement of Changes in Equity
for the six months ended 31 December 2017

	Share capital	Share premium	Share based payment reserve	Foreign exchange translation reserve	Accumulated losses	Non-controlling interest	Total equity
	£	£	£	£	£	£	£
Balance at 1 July 2017	-	24,588,942	61,914	(14,171)	(20,678,814)	-	3,957,871
Loss for the period	-	-	-	-	(368,150)	(11,501)	(379,651)
Other comprehensive loss - foreign exchange translation variances	-	-	-	(87,597)	-	-	(87,597)
Foreign exchange loss on disposal of subsidiary	-	-	-	(75,382)	-	-	(75,382)
Total comprehensive loss for the period	-	-	-	(162,979)	(36,150)	(11,501)	542,630
Issue of ordinary shares	-	1,171,000	-	-	-	-	1,171,000
Cost of issue	-	(3,800)	-	-	-	-	(3,800)
Issue of warrants	-	(2,850)	42,850	-	-	-	40,000
Exercise of warrants	-	7,770	(7,770)	-	-	-	-
Unwinding of fair value of unexercised warrants	-	12,340	(12,340)	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	112,829	112,829
Total contributions by and distributions to owners	-	1,184,460	22,740	-	-	112,829	1,320,029
Balance at 31 December 2017	-	25,773,402	84,654	(177,150)	(21,046,964)	101,328	4,735,271

Lionsgold Limited and its controlled entities
Condensed consolidated Statement of Cash Flows
For the six months ended 31 December 2017

	Six months ended 31 December 2017 £ (unaudited)	Six months ended 31 December 2016 £ (unaudited)	Year ended 30 June 2017 £ (audited)
Cash flows from operating activities			
Loss for the period	(379,651)	(452,979)	(862,256)
<i>Adjustments for:</i>			
Share of loss of associate	81,656	16,056	87,608
Share-based payment	40,000	55,000	55,107
Net finance income	(504)	(383)	(303)
Foreign exchange variances	247	(13,552)	(4,606)
<i>Operating loss before changes in working capital and provisions</i>	(258,252)	(395,858)	(724,450)
Change in trade and other receivables	(12,073)	1,760	199
Change in other current assets	(3,104)	14,689	25,387
Change in trade and other payables	37,886	(26,356)	(67,372)
Net Cash used in operating activities	(235,543)	(405,765)	(766,236)
Cash flows from investing activities			
Interest received	43	383	303
Funds withdrawn from term deposit	71,435	119,507	214,213
Loan advancement for future investment	-	(135,233)	-
Payments for investment acquisition	(135,768)	(45,781)	(362,346)
Acquisition of subsidiary, net of cash	(261,583)		
Net cash used in investing activities	(325,873)	(61,124)	(147,830)
Cash flows from financing activities			
Proceeds from issues of shares	1,230,999	900,000	1,450,000
Cost of issue	(3,800)	(108,482)	(163,120)
Net cash from financing activities	1,227,199	791,518	1,286,880
Net decrease in cash and cash equivalents	665,783	324,629	(372,814)
Foreign exchange gain/(loss) on cash balances	1,265	2,454	1,721
Cash and cash equivalents at 1 July	493,693	119,158	119,158
Cash and cash equivalents at 30 June <i>(Excludes term deposits of nil)</i> (31 December 2016: £166,141)	1,160,741	446,241	493,693

Lionsgold Limited and its controlled entities
Notes to the condensed consolidated interim financial statements
For the six months ended 31 December 2017

1. Basis of preparation and changes to the Group's accounting policies

Basis of Preparation:

These unaudited condensed consolidated half yearly financial statements have been prepared in accordance with the AIM Rules for Companies. As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The unaudited condensed consolidated half yearly financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The unaudited condensed consolidated half yearly financial statements do not constitute statutory financial statements within the meaning of the Guernsey (Companies) Law, 2008, have been prepared on a going concern basis in accordance with the recognition and measurement criteria of IFRSs. Statutory financial statements for the year ended 30 June 2017 were approved by the Board of Directors on 6 December 2017 and delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified.

The same accounting policies, presentation and methods of computation are followed in these unaudited condensed consolidated half yearly financial statements as were applied in the preparation of the Group's annual audited financial statements for the year ended 30 June 2017.

The preparation of unaudited condensed consolidated half yearly financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in the Group's Annual Report and Financial Statements for the year ended 30 June 2017. The nature and amounts of such estimates have not changed significantly during the interim period.

These interim condensed consolidated financial statements were approved by the Board of Directors in March 2018 and will be available from the Company's website, www.lionsgold.com.

New standards, interpretations and amendments adopted by the Group:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017.

Lionsgold Limited and its controlled entities
Notes to the condensed consolidated interim financial statements
For the six months ended 31 December 2017

2. Basis of preparation and changes to the Group's accounting policies

New standards, interpretations and amendments adopted by the Group (continued)

Several other new standards and amendments apply for the first time. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The following accounting standards and amendments have been issued but are not yet effective for the financial year beginning 1 July 2017 and not early adopted:

Standard	Impact on initial application	Effective date
IAS 12 (Amendments)	Income Tax Consequences of Dividends	1 January 2019
IAS 23	Borrowing Costs Eligible for Capitalisation	1 January 2019
IAS 28	Investment in Associates and Joint Ventures - Fair Value Measurement Clarification & Long Term Interests	1 January 2019
IFRS 3 (Amendments)	Remeasurement of previously held interest for Business Combinations	1 January 2019
IFRS 9	Financial Instruments	1 January 2019
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
Annual Improvements	Annual Improvements to IFRS Standards 2014-2016 cycle	1 January 2018
IFRIC 22	IFRIC Interpretation 22 Foreign Currency transactions and advanced consideration	1 January 2018
IAS 40 (Amendments)	Transfer of investment property	1 January 2018