

30 March 2012

## **Kolar Gold Ltd**

### **Half year results for six months ended 31 December 2011**

Kolar Gold Limited (“Kolar Gold” or the “Company” ), the Indian focussed gold exploration and mine development company, announces its unaudited results for the six months ended 31 December 2011.

#### **Financial highlights**

- Cash deposits of £9.6m at period end.
  - Majority has been earmarked to exercise the options over the remaining tenements.
- Loss after tax for the period was £1,205,337 (2010: £927,763).

#### **Operational highlights**

- Core and RC drilling activities are well underway at South Kolar Licence area and results to date have been encouraging.
- The approval process for further licenses in North and East Kolar is progressing and in final stages with the Government.
- The corporate restructuring is complete and the Group’s operating policies, procedures and systems are in place and operational.

#### **Nick Spencer, Chief Executive Officer of Kolar Gold Limited, comments:**

“I am pleased to announce that Kolar Gold has made solid progress during the last six months. The company has now established operations in India and undertook nearly 6000m of drilling in the prospective South Kolar Licence area during the half year.

The revival process of Bharat Gold Mines Limited (BGML) is continuing to move forward and we are now awaiting the Supreme Court to direct the sale tender process to begin. Kolar continues to work closely with our two Indian partners to build and expand our gold business in India.”

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**About Kolar Gold Limited:**

*Kolar Gold is an Indian gold exploration and development company, listed on the AIM market (Ticker: KGLD) that has an experienced international board and strong local partners.*

*KGL has rights to explore and develop one prospecting licence and 13 further licence applications in the Kolar Gold Belt, an 80 kilometre long Archaean Greenstone Belt, in Southern India. The Kolar Gold Belt is one of the most prospective underdeveloped Archaean Greenstone Belts in the world and is regarded by Mr Andrew J Vigar of Mining Associates Limited, the Competent Person, as comparable to the Archaean Greenstone Belts of South Africa, Canada and Western Australia which have similar geology, structure and style of mineralisation. This project area includes 32 known mineralised prospects and covers 568 square kilometres in the southern states of Andhra Pradesh, Karnataka and Tamil Nadu. KGL commenced exploration on the first Prospecting Licence in South Kolar in February 2011.*

*KGL is also jointly pursuing, with the mine employee unions, the acquisition and revival of the neighbouring historic Kolar Gold Fields which has produced 25 million ounces of gold at 15.9 grams per tonne over 120 years until closure in 2001.*

## **Review of operations**

Your Company has made good progress in the period establishing our operations in India and mobilising two rigs for drilling targets in the South Kolar block.

Steady progress is being made in the revival process of Bharat Gold Mines Limited (BGML). We are awaiting the Supreme Court to direct that the sale tender process should begin.

Kolar Gold continues to work closely with its two Indian partners, SUN Mining and Geomysore India (Private) Limited ('GMSI'), to establish Kolar Gold as a responsible leading player in the gold mining industry in India.

Your company has made an encouraging start on the ground in India this period.

## **Exploration Programme**

Diamond drilling commenced in February 2011 in the South Kolar Licence area and by December nearly 6000m of drilling had been completed on several prospects. Drilling principally targeted known zones of mineralization and extensions of auriferous lodes previously mined at the Chigargunta mine in the south and the Bisanatham mine in the north.

Drilling at the Chigargunta NE deposit has validated historic drilling results and provided valuable fresh geological data on the host rocks and structural controls to mineralisation. Results included:

- KCN-02: 4.74m at 24.7g/t gold from 79.74m to 84.48m
- KCN-05: 0.50m at 160.2 g/t gold from 117.14m to 118.89m
- KCN-10: 1.00m at 12.1g/t gold from 45.65m to 46.65m
- KCN-14: 1.10m at 16.4g/t gold from 45.29m to 46.39m
- KCN-05: 3.65m at 4.6g/t gold from 20.54m to 24.19m (HW lode)
- KCN-05: 2.60m at 6.0g/t gold from 134.04m to 136.64m (FW lode)

The combined historic and current drilling results are being modeled in preparation for the next campaign of drilling.

Scout diamond drilling, with six holes, was carried out on the Chigargunta Eastern Lodes namely E2, E3 and E4 lodes. These holes have confirmed the extension of the lodes mined in the historic Chigargunta mines. Five of the six holes intersected encouraging gold values including:

- KCE 01 - 0.5m @ 4.90g/t from 41.55m & 1.0m @ 3.36g/t from 43.55m
- KCE 02 - 11.5m @ 1.21g/t from 82.84m incl. 1.5m @ 4.74g/t from 92.84m
- KCE 06 - 2.0m @ 3.04g/t from 14.3m and 3.0m @ 3.1g/t from 28.3m

Confirmation drilling has also been carried out at the Mallapakonda deposit which has a previous resource of 61,527 oz gold. This drilling has provided a good understanding of the controls to mineralisation at this priority target deposit. Modeling is being carried out to give a detailed interpretation of potential ore shoots and their continuity to depth. A resource update is also being computed.

Planning is underway to re-open one of the Mallapakonda adits to provide suitable underground drilling platforms. Difficult terrain hinders surface drilling at this deposit.

Drilling in this part of the South Kolar Licence area is in a forestry area, and ongoing forestry approval is required to drill additional surface holes in the area. An application for a 160 hole drill programme has been submitted to the State Forestry Department for approval.

## **IP Survey**

To assist identification of priority targets at South Kolar, we undertook 40 line km of detailed Induced Polarisation ('IP') Surveys. The IP survey confirmed the continuity of auriferous structures previously mined at the Chigargunta and Old Bisanatham mines. A number of significant anomalies also exist along the north-south trend of the greenstone belt indicating a number of good target areas for drilling.

An RC drill rig was deployed in November to investigate the anomalies identified by the abovementioned IP surveys. This RC programme of 2,750m was completed in February with 30 shallow holes. Results are being interpreted to plan further follow up diamond and RC drilling going forward.

### ***Exploration Review***

Over the last year, the company has generated a large database comprising ground magnetics, IP surveys, mapping, RC and diamond drilling. An exploration review is currently underway to combine and interpret all these data sets. A further programme of detailed mapping is also being undertaken with the valuable knowledge gained from the drilling and in particular the controls to mineralisation within the different rock units with an emphasis on structure and alteration characteristics. This review will allow better targeting of drill holes to identify zones most likely to host mineralisation.

### ***Kolar Gold Projects***

We continue to work closely with GMSI and SUN Mining to progress the North and East Kolar tenement approvals which are in the final stages with the Government. The Company has retained cash balances for the acquisition of these rights. These license approvals remain with the relevant mining department for approval and management are confident they will be granted in due course. The process of granting of licences has been slower than the Company planned.

### ***BGML acquisition***

The Company and advisors have made solid progress via dialogue with the Government of India and recent agreement in the Supreme Court to proceed with the sale and revival by tender process. We now await the court order and the issue of the sale tender documents which have been drafted by Ernst & Young.

### ***Key financials***

The Company had £9.6m in cash deposits at period end. The bulk of these funds have been earmarked as consideration for the exercise of the options over the remaining tenements (£4.7m) and undertaking the Group's exploration activities (£3.2m) on these tenements during 2012.

The loss after tax for the period was £1,205,337, compared to £927,763 for the six months to 31 December 2010 and £3,256,290 for the year to June 2011.

### ***Going concern***

Careful attention is being paid to the profile of expenditure at South Kolar. An increase in exploration expenditure is anticipated when the grant of the North and East Kolar tenements are approved by the Government.

The Group has operated within the cashflows it anticipated at the time of the IPO in June 2011 and accordingly will need to raise finance during 2012 if all options are exercised over the tenements and exploration is to take place as planned. These matters are described in detail in Note 4 to the financial statements. If such finance is not obtained then, the Group will have sufficient funds to exercise its options over the tenements but will need to slow down or defer its exploration activities in order to have sufficient cash to see it through the next 12 months. However, we remain well funded for our planned 2012 activities at this stage.

We have a number of activities and initiatives underway and we foresee 2012 will be a year of growth and expansion for the company.

### **The Board**

**Condensed consolidated statement of financial position (unaudited)  
as at 31 December 2011**

		31 December 2011 £ (unaudited)	31 December 2010 £ (unaudited)	30 June 2011 £ (audited)
	Note			
<b>Non-current assets</b>				
Plant and equipment		26,215	19,302	21,859
Exploration and evaluation assets	7	4,961,887	2,429,100	4,496,933
<b>Total non-current assets</b>		<b>4,988,102</b>	<b>2,448,402</b>	<b>4,518,792</b>
<b>Current assets</b>				
Prepayments and other current assets		68,111	273,449	37,751
Trade and other receivables		74,059	38,263	59,642
Cash and cash equivalents		9,645,300	1,515,247	11,544,630
<b>Total current assets</b>		<b>9,787,470</b>	<b>1,826,959</b>	<b>11,642,023</b>
<b>Total assets</b>		<b>14,775,572</b>	<b>4,275,361</b>	<b>16,160,815</b>
<b>Current liabilities</b>				
Trade and other payables		495,903	803,171	1,085,852
Employee benefits		100,856	59,284	113,416
<b>Total current liabilities</b>		<b>596,759</b>	<b>862,455</b>	<b>1,199,268</b>
<b>Non-current liabilities</b>				
Employee benefits		55,656	31,907	43,457
<b>Total non-current liabilities</b>		<b>55,656</b>	<b>31,907</b>	<b>43,457</b>
<b>Total liabilities</b>		<b>652,415</b>	<b>894,362</b>	<b>1,242,725</b>
<b>Net assets/(liabilities)</b>		<b>14,123,157</b>	<b>3,380,999</b>	<b>14,918,090</b>
<b>Equity</b>				
Share capital	8	7,010,625	4,639,624	7,001,696
Share premium reserve	8	15,700,535	6,900,846	15,663,226
Reserves		3,941,361	836,029	3,577,195
Accumulated losses		(12,529,364)	(8,995,500)	(11,324,027)
<b>Total equity</b>		<b>14,123,157</b>	<b>3,380,999</b>	<b>14,918,090</b>

These financial statements were approved by the Board of Directors on 30 March 2012 and were signed on its behalf by:

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**Stephen Coe**  
Director

The condensed notes on pages 9 to 14 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)  
for the six months ended 31 December**

	Six months ended 31 December 2011 (unaudited) £	Six months ended 31 December 2010 (unaudited) £	Year ended 30 June 2011 (audited) £
SUN Mining warrants issued for services	(610,930)	-	(547,006)
Broker warrants issued for services	-	-	(492,510)
Shares and options issued by Kolar Gold Plc to employees and consultants	-	-	(294,241)
Options to directors	-	-	(374,975)
Administrative expenses	(797,718)	(875,543)	(1,492,185)
Unrealised foreign exchange gains	133,116	(50,981)	(22,950)
<b>Loss from operating activities</b>	<b>(1,275,532)</b>	<b>(926,524)</b>	<b>(3,223,867)</b>
Finance income	75,201	3	530
Finance costs	(782)	(1,242)	(32,953)
<b>Net finance costs</b>	<b>74,419</b>	<b>(1,239)</b>	<b>(32,423)</b>
<b>Loss before tax</b>	<b>(1,201,113)</b>	<b>(927,763)</b>	<b>(3,256,290)</b>
Income tax expense	(4,224)	-	-
<b>Loss for the period</b>	<b>(1,205,337)</b>	<b>(927,763)</b>	<b>(3,256,290)</b>
<b>Other comprehensive income</b>			
Foreign exchange translation variances	(246,764)	124,171	142,231
<b>Total comprehensive income for the period</b>	<b>(1,452,101)</b>	<b>(803,592)</b>	<b>(3,114,059)</b>
<b>Basic loss per share (p)</b>	1.2	2.0	5.7
<b>Diluted loss per share (p)</b>	1.2	2.0	5.7

The condensed notes on pages 9 to 14 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated statement of changes in equity  
for the six months ended 31 December**

	Share capital	Share premium reserve	Options reserves	Foreign currency translation reserve	Accumulate d losses	Total equity
(Unaudited)	£	£	£	£	£	£
<b>Balance at 1 July 2011</b>	<b>7,001,696</b>	<b>15,663,226</b>	<b>3,510,291</b>	<b>66,904</b>	<b>(11,324,027)</b>	<b>14,918,090</b>
<b><i>Total comprehensive income for the period</i></b>						
Loss for the period	-	-	-	-	(1,205,337)	(1,205,337)
Other comprehensive income - foreign exchange translation variances	-	-	-	(246,764)	-	(246,764)
<b><i>Total comprehensive income for the period:</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(246,764)</b>	<b>(1,205,337)</b>	<b>(1,452,101)</b>
<b><i>Contributions by and distributions to owners:</i></b>						
Issue of ordinary shares	8,929	37,309	-	-	-	46,238
Equity-settled transactions for the period	-	-	610,930	-	-	610,930
<b><i>Total contributions by and distributions to owners:</i></b>	<b>8,929</b>	<b>37,309</b>	<b>610,930</b>	<b>-</b>	<b>-</b>	<b>657,168</b>
<b>Balance at 31 December 2011</b>	<b>7,010,625</b>	<b>15,700,535</b>	<b>4,121,221</b>	<b>(179,860)</b>	<b>(12,529,364)</b>	<b>14,123,157</b>
<b>(Audited)</b>						
<b>Balance at 1 July 2010</b>	<b>3,544,336</b>	<b>3,715,557</b>	<b>696,321</b>	<b>(75,327)</b>	<b>(8,067,737)</b>	<b>(186,850)</b>
<b><i>Total comprehensive income for the period</i></b>						
Loss for the period	-	-	-	-	(3,256,290)	(3,256,290)
Other comprehensive income - foreign exchange translation variances	-	-	-	142,231	-	142,231
<b><i>Total comprehensive income for the period:</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,231</b>	<b>(3,256,290)</b>	<b>(3,114,059)</b>
<b><i>Contributions by and distributions to owners:</i></b>						
Issue of ordinary shares	3,735,150	13,816,568	-	-	-	17,551,718
Cancellation of shares	(277,790)	277,790	-	-	-	-
Share issue costs	-	(2,146,689)	-	-	-	(2,146,689)
Equity-settled transactions for the period	-	-	2,813,970	-	-	2,813,970
<b><i>Total contributions by and distributions to owners:</i></b>	<b>3,457,360</b>	<b>11,947,669</b>	<b>2,813,970</b>	<b>-</b>	<b>-</b>	<b>18,218,000</b>
<b>Balance at 30 June 2011</b>	<b>7,001,696</b>	<b>15,663,226</b>	<b>3,510,291</b>	<b>66,904</b>	<b>(11,324,027)</b>	<b>14,918,090</b>

The condensed notes on pages 9 to 14 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated Statement of Cash Flows  
for the six months ended 31 December**

	Six months ended 31 December 2011 (unaudited) £	Six months ended 31 December 2010 (unaudited) £	Year ended 30 June 2011 (audited) £
<b>Cash flows from operating activities</b>			
Loss for the period	(1,205,337)	(927,763)	(3,256,290)
<i>Adjustments for:</i>			
Depreciation	2,898	1,757	4,439
Net finance costs/(income)	(74,419)	1,240	1,945
Unrealised foreign exchange gains	(185,303)	(105,670)	(60,846)
Costs in relation to planned initial public offering	-	(202,994)	-
Equity-settled share-based payment transactions	610,930	322,769	1,708,732
<i>Operating loss before changes in working capital and provisions</i>	<b>(851,231)</b>	(910,661)	(1,602,020)
Change in trade and other receivables	(14,417)	(21,779)	(24,140)
Change in other current assets	(30,360)	(2,920)	(33,099)
Change in trade and other payables	(685,688)	276,536	794,308
Change in employee benefits	(361)	1,564	79,424
<b>Cash used in operating activities</b>	<b>(1,582,057)</b>	(657,260)	(785,527)
Interest and finance costs paid	(782)	(1,242)	(2,475)
<b>Net cash used in operating activities</b>	<b>(1,582,839)</b>	(658,502)	(788,002)
<b>Cash flows from investing activities</b>			
Interest received	75,201	2	530
Payments for mineral exploration activities	(420,857)	-	-
Payments for acquisition of mineral exploration rights	-	(1,893,551)	(2,189,930)
Payments for plant and equipment	(7,732)	(2,415)	(7,577)
<b>Net cash used in investing activities</b>	<b>(353,388)</b>	(1,895,964)	(2,196,977)
<b>Cash flows from financing activities</b>			
Proceeds from issues of convertible notes	-	250,000	250,000
Proceeds from issues of equity securities	46,238	3,000,000	15,645,000
Payments for share issue costs	-	(24,314)	(2,108,630)
<b>Net cash from financing activities</b>	<b>46,238</b>	3,225,686	13,786,370
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,889,989)</b>	671,220	10,801,391
<b>Foreign exchange gain/(loss) on closing cash balances</b>	<b>(9,341)</b>	104,617	3,829
<b>Cash and cash equivalents at 1 July</b>	<b>11,544,630</b>	739,410	739,410
<b>Cash and cash equivalents at 31 December</b>	<b>9,645,300</b>	1,515,247	11,544,630

The condensed notes on pages 9 to 14 are an integral part of the condensed consolidated interim financial statements.

**Kolar Gold Limited**  
**Notes to the condensed consolidated interim financial statements**  
**for the six months ended 31 December 2011**

**1 Reporting entity**

Kolar Gold Limited (the 'Company') is a company incorporated and registered in Guernsey. The Company's shares were admitted to trading on AIM in London on 17 June 2011, following the successful completion of an Initial Public Offering raising gross funds of £12 million. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in and also acquiring, exploring and developing the rights to mining assets in the Kolar Belt and the potential acquisition of the mining assets of Bharat Gold Mines Limited ("BGML") from the Government of India.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2011 is available upon request from the Company's registered office at Frances House, Sir William Place, St. Peter Port, Guernsey GY1 4HQ.

**2 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2011.

These condensed interim consolidated financial statements were approved by the Board of Directors on 30 March 2012.

**3 Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2011, except as set out below.

The Company's functional and presentation currency is British pounds (GBP) and the functional currencies for its subsidiaries are GBP, Australian dollars and Indian Rupees respectively.

Assets and liabilities denominated in a currency other than British pounds are translated into British pounds at exchange rates prevailing at the reporting date. Items of income and expense are translated to British pounds at exchange rates prevailing at the dates of transactions or where appropriate at average monthly foreign exchange rates.

**4 Going concern**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to Kolar Gold being a "going concern" which assumes the Group will continue in operation for at least 12 months from the date of these interim financial statements and will be able to realise its assets and discharge its liabilities in the normal course of operations.

As an explorer, the Group currently has no source of operating cash inflows, other than interest income, and has incurred net operating cash outflows for the six months ended 31 December 2011 of £1,582,839 (2010: £658,502). During this period, the Company received net financing inflows of £46,238 (2010: £3,225,686) and applied £420,857 (2010: nil) to mineral exploration activities at the South Kolar PL area. At 31 December 2011 the Group had cash balances of £9,645,300 (30 June 2011: £11,544,630) and a surplus in net working capital (current assets less current liabilities) of £9,190,711 (June 2011: £10,442,755).

#### **4 Going concern (cont'd)**

The Directors have prepared forecasts which include cash outflows in respect of the Group's agreement with GMSI to exercise the options on further mineral exploration rights adjacent to BGML and subsequent exploration activities. These outlays will only proceed if and when the mineral exploration rights have been approved by the Government of India. In the event that the Government of India approves all of the mineral exploration rights specified in the agreement with GMSI and as set out in the IPO prospectus in June 2011, the Group is committed to exercising its options over the remaining tenements for consideration of approximately £4.7m and has budgeted for additional exploration expenditure of approximately £3.2m to December 2012. The bulk of the Group's current cash reserves will be applied to these purposes.

In order for the Group to continue its exploration and development programme beyond December 2012, at current planned levels, it will need to raise additional finance and the Directors are in the process of determining the likely timing and amount of such a fund raising with their advisors.

If additional finance is not obtained during 2012, the Group will have sufficient cash to exercise its options over the tenements, but will need to slow down or defer its exploration activities in order to have sufficient cash for the period to at least March 2013, and to allow the Group more time to raise additional funding.

There can be no assurance that the Group will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Group. However, the directors, having taken advice and having reviewed the exploration results and prospects for the Group, are confident that additional funding will be received and, consequently, the directors consider that the Group will have adequate resources to continue its operations for at least 12 months from the date of these interim financial statements. Notwithstanding the above, there can be no certainty in this matter and the financial statements do not include any adjustments that would be necessary should the going concern basis not be appropriate.

#### **5 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

## 6 Capital commitments

In 2010 the Group entered into a contract to acquire the rights to mining assets in the North Kolar, South Kolar and East Kolar regions of India. The mining assets comprise mineral exploration rights in these regions. The Group is committed to acquire the rights when, and only when, they have been approved by the Government of India.

As at balance date the total commitments to acquire these rights totalled £4,716,981 (2010: £4,716,981).

## 7 Exploration and evaluation assets

	<b>Six months ended 31 December 2011 (unaudited)</b>	<b>Year ended 30 June 2011 (audited)</b>
	<b>£</b>	<b>£</b>
Balance at beginning of period	4,496,933	-
Transfer from investments	-	984,046
Exploration expenditure	516,596	303,978
Payment to SUN Mining by the issue of shares	-	1,749,936
Foreign exchange translation adjustment	(51,642)	241,377
Acquisition of tenement rights	-	1,217,596
Balance at end of period	<u>4,961,887</u>	<u>4,496,933</u>

Tenement rights will be accounted for in accordance with the Group's accounting policy for exploration and evaluation expenditure and the recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

## 8 Share capital and share premium

### Issuance of ordinary shares

	Ordinary shares (7p each)	
	Six months ended 31 December 2011 (unaudited) '000	Year ended 30 June 2011 (audited) '000
Opening balance	100,024	-
Reorganisation of share capital approved by shareholders and completed on 8 April 2011	-	62,312
Issued for cash		30,000
Issued as settlement of debt	128	7,712
<b>Closing balance</b>	<b>100,152</b>	<b>100,024</b>

(i) On 27 July 2011 Kolar Gold Limited issued 82,784 shares with a par value of 7p per share, at 40p per share, to directors and former directors of Kolar Gold (UK) Limited, for settlement of debt.

(ii) On 19 December 2011 Kolar Gold Limited issued 44,777 shares with a par value of 7p per share, at 29.31p per share, to a director as part payment of directors' fees. The share issue price is the volume weighted average price for the period covered.

(iii) All shares issued by the Company are 'ordinary' shares and rank equally in all respects, including for dividends, shareholder attendance and voter rights at meetings, on a return of capital and in a winding-up.

### Dividends

No dividends were declared nor paid during the six months ended 31 December 2011 (2010: nil).

## 9 Share-based payments

### a) Options

The Company has issued options to directors, employees and long-term consultants to compensate them for services rendered and incentivise them to add value to the Group's longer term share value. They comprise Reward Options in exchange for the provision of services and Bonus Options, which are only receivable upon the Company's shares being admitted to trading on a stock exchange.

No options were issued during the period and no options were exercised during the period.

4,850,000 options expired on 1 December 2011.

The following unexpired options existed as at 31 December 2011.

Name	Date of Grant	Ordinary Shares under option	Expiry Date	Exercise Price £
Nicholas Taylor Spencer	01.12.10	500,000	01.12.13	0.30
Non-Directors	5.5.10	150,000	05.05.13	0.30
Non-Directors	1.12.10	350,000	01.12.13	0.30
Norman Coldham-Fussell	17.6.11	675,000	17.06.14	0.40
Nicholas Taylor Spencer	17.6.11	1,350,000	17.06.14	0.40
Richard Johnson	17.6.11	675,000	17.06.14	0.40
Harvinder Hungin *	10.6.11	450,000	10.06.16	0.40
Stephen Coe	10.6.11	350,000	10.06.16	0.40
Stephen Oke	10.6.11	350,000	10.06.16	0.40
		<u>4,850,000</u>		

\* SG Hambros Trust Company (Channel Islands) Limited holds 200,000 options, as trustee of the Carlyle Settlement, in which Harvinder Hungin and his family have an interest.

Each option entitles the holder to subscribe for one ordinary share in the Company. Options do not confer any voting rights on the holder.

### a) Warrants

No warrants were issued during the period.

No warrants expired and no warrants were exercised during the period.

The following unexercised warrants existed as at 31 December 2011:

Name	Date of Grant	Ordinary Shares under option	Expiry Date	Exercise Price £
Investor warrants	30.6.10	3,664,000	1.3.12	0.30
Investor warrants	20.7.10	1,000,000	1.3.12	0.30
Broker warrants Series 1	5.5.11	1,300,000	17.6.14	0.40
Broker warrants Series 2	17.6.11	1,500,000	17.6.14	0.60
SUN Mining initial warrants Series 1	24.2.11	2,916,559	24.2.12	Nil
SUN Mining initial warrants Series 2	24.2.11	2,916,559	24.2.13	Nil
SUN Mining initial additional warrants	24.2.11	3,499,871	24.2.13	VWAP
		<u>16,796,989</u>		

Each warrant entitles the holder to subscribe for one ordinary share in the Company. Warrants do not confer any voting rights on the holder.

**10 Operating segments**

The Group currently has one operating segment, being the exploration for gold in India.

**11 Subsequent events**

There have been no significant events subsequent to the balance sheet date to report that would alter the financial statements as at 31 December 2011 or require disclosure.