

30 March 2015

## **Kolar Gold Ltd**

### **Half year results for six months ended 31 December 2014**

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 2014.

The Company recorded a loss after tax for the period of £568,074, (2013: loss after tax of £1,378,434) including a gain on the accretion of investment in an associate of £86,618 (2013: loss on dilution of £909,622). The Company had £2.4m in cash and term deposits as at 31 December 2014 (2013: £4.0m).

The Company has, at the date of this report, the following interests:

- a shareholding in Geomysore Mining Services (India) Private Limited (“GMSI”) of 25.9% ; following the finalisation (expected quarter 3 2015) of the drilling program by Thriveni Earth Movers Private Limited (‘Thriveni’), Thriveni will be awarded up to 100,192 shares in GMSI, reducing our shareholding to 23.77%;
- the Company has the right, but not the obligation, until 25th November 2015, to subscribe for up to an additional 88,681 shares, at INR 1444.50 each (a total investment of circa £1.3m). If all subscriptions are made this would increase the Company’s stake in GMSI from 23.77% to 30.2%;
- a Right of First Refusal, in association with the Cooperative Societies of Bharat Gold Mines Limited (“BGML”) ex-employees, to acquire the BGML mining assets through a tender process to be held by the owner, the Government of India; and
- cash balances of £1.97m.

### **GMSI**

In November 2014, the Company announced that it had entered into a Shareholders Agreement and a Share Subscription Agreement with GMSI and its other major shareholders to fund GMSI operations through to July this year, including an exploration drilling campaign totalling 15,800 metres of resource drilling at Jonnagiri, where GMSI had secured one of the few gold mining leases ever to be granted in India in the last few decades.

Pursuant to the above agreements the Company has invested £302,000 giving it an equity holding of 25.9% and in total the major shareholders have invested £915,000.

There are two further tranches of investments planned in April and May 2015, under which the Company may invest a further £207,000.

The invested funds and future investments are being applied to the funding of GMSI’s operations in general, and particularly the drilling programme at Jonnagiri. Since January 2015, two core drilling rigs have been operational at Jonnagiri to upgrade and extend the 710koz JORC resource. A third rig began operating earlier this month to further accelerate this drilling programme. Results from the assay laboratory are expected over the next few months. The Board expects that this drilling programme will increase and upgrade the defined gold resource inventory and, subject to feasibility studies, hopes that Jonnagiri will become a commercially viable operating gold mine.

GMSI and Deccan Gold Mines (“DGM”), the only gold exploration company listed on the Bombay Stock Exchange, continue to review the proposal to amalgamate the two companies, their respective projects and resources, by way of a scheme of arrangement and for the combined group to be listed on the Bombay Stock Exchange (BSE). The expected timing and likelihood of this is later in this calendar year, following the current DGM fund raising via a rights issue. There are also alternative strategies available to GMSI for listing on the BSE.

As at 31 December 2014 the Company valued its investment in GMSI at £2.83million (30 June 2014: £2.50 million).

## **BGML Tender**

Kolar Gold continues to pursue jointly with the BGML mine employee united unions the proposed acquisition and revival of the historic BGML gold mine in the Kolar Gold Fields in Karnataka. The parties have a Right of First Refusal when the tender proceeds. In 2013 a Supreme Court ordered the Government of India to proceed with BGML sale tender and revival. With the election pending in May 2014 this did not happen. The new government is showing support for development projects such as this, which will attract foreign direct investment into India and develop a gold mining industry that is in its infancy. However, making progress requires support from the new government executive and we are working to achieve this in Delhi and at the state levels. However, competition from numerous projects and industries seeking government attention is high.

## **Cash Balances**

The Company's overheads for the period were £593,000 (2013: £605,000), and the Company continues to utilise its working capital to invest in GMSI.

As at 31 December 2014, the Company's cash balances were £2.4m and at the date of this report were £1.97m.

The Company is continuously monitoring the rate of cash usage to ensure a balance between investment and achieving major milestones and having sufficient working capital to remain a going concern. The Company is also investigating ways of raising further capital to support our stated gold objectives in India.

Allowing for the Company's budgeted run rate there are sufficient funds to continue operations until the third quarter in the 2016 calendar year and to make the investments in GMSI in March and May 2015 identified above. However these cash flow projections would not enable the exercising of the GMSI option, which is at the discretion of the Company. It will therefore be necessary to raise additional funds in order to exercise this option.

## **Harvinder Hungin, Chairman of Kolar Gold Limited, commented:**

“The agreement reached amongst the major shareholders of GMSI at the end of 2014 was a key milestone. Extensive exploration drilling is underway at Jonnagiri and we are eagerly awaiting the results over the next few months. Jonnagiri has the potential to be a producing gold mine and if this can be achieved it would be a major step forward for GMSI and Kolar Gold. In the meantime we are continuing to explore with GMSI ways of achieving an Indian listing of its shares including a possible amalgamation with Deccan Gold. Finally, whilst we remain excited about BGML there is again work to be done to rebuild momentum behind the tender process following the election of the new government. We are hopeful that discussions and lobbying will lead to the tender process proceeding this year.

The Company's cash resources are finite and we have a clear strategy to implement our mandate to be an Indian gold exploration and mining company. This has never been an easy task and continues to be challenging but we are making progress towards what remains a large international gold opportunity, the level of which in due course will determine what level of further cash resources we may need to raise to support our activities.”

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

“Our three objectives remain:

Firstly to support and assist the resource drilling at the GMSI Jonnagiri gold mining lease. There are now 3 drill rigs operating in order to upgrade and extend the current gold resource with the aim to develop India’s first private gold mine operation.

Secondly we are increasing our efforts to engage with the new Government of India to explain the urgent need for India to develop domestic gold mines and therefore to issue the BGML mine sale tender and revival.

Lastly, discussions are continuing between GMSI and DGM to amalgamate the two companies, their respective projects and resources, by way of a scheme of arrangement, and for the combined group to be listed on the Bombay Stock Exchange. GMSI is also considering alternative strategies for listing on the BSE.

Achieving any of these objectives will enable a significant gold mining asset to be developed in India.”

**For further information please contact:**

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**About Kolar Gold Limited:**

*Kolar Gold is a partner and investor in an Indian gold exploration and mine development company and is also pursuing a number of gold projects in India. The company is traded on the AIM market (Ticker: KGLD) and has an experienced international board and management and strong local partners.*

*Kolar Gold is an investor in GMSI, an Indian gold exploration and development company with a significant portfolio of gold permits and rights across India. GMSI has rights to 32 known gold mineralised project areas including 22 granted Reconnaissance Permits, 2 Prospecting Licences and 1 mining lease area covering a total of 12,568 square kilometres in the states of Andhra Pradesh, Karnataka, Madra Pradesh and Tamil Nadu. The main gold asset is the gold mining lease at Jonnagiri which was granted in October 2013 and has a 710,000 ounce JORC gold resource defined to date.*

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

## **Review of operations**

### ***GMSI partnership***

In November 2014 the Company entered into a Shareholders Agreement and a Share Subscription Agreement with GMSI and its other major shareholders.

This agreement sets out the terms under which the major shareholders in GMSI, including Kolar Gold may subscribe to additional shares in GMSI. These terms include:

- GMSI Shareholders can subscribe to a total of 109,535 shares at INR 1444.50 each, total value of INR 158.2m (£1.63m).
- The Company has the option to take up a portion of the subscriptions not taken up by the other shareholders, of which £56,000 has been taken up as at the date of this report. The Company has the option to take up another £47,000 in the final two tranches.
- The Company expects to acquire up to 36,110 shares, including subscriptions taken up as at the date of this announcement, increasing our equity in GMSI to 26.26%.
- The share subscriptions will be in four tranches between November 2014 and May 2015.
- GMSI has now executed a drilling contract for up to 15,800m to increase and upgrade the gold resource at the Jonnagiri mining lease area over the next 6 months, at a total drill cost of up to INR 144.7 million (£1.49 million), to also be funded by the subscription by Thriveni for up to 100,192 shares in GMSI at INR 1444.50 per share.
- The Company has the right, but not the obligation, until November 2015 to subscribe for up to an additional 88,681 shares, also at INR 1444.50 each (a total investment of up to £1.32m). This enables the Company to increase its stake in GMSI to 30.2% within the next 12 months.

These subscriptions will provide GMSI with access to working capital for the first three quarters of 2015 and enable it to take the next steps in determining the viability of the Jonnagiri deposit as a producing mine. The financing structure allows GMSI's shareholders to support and review the drilling on an ongoing basis.

### ***BGML acquisition***

In July 2013 the Supreme Court of India instructed the Government of India ('GoI') to proceed with the tender sale and mine revival of the historic Bharat Gold Mines Limited ('BGML') gold mines at Kolar Gold Fields, in line with the Board's expectations.

Then in 2014 the pro-business, Modi led, BJP government was elected with a mandate to increase the development of India through investment and clearer, simpler processes. This fits well with the long awaited BGML mine revival tender which the Board believes is drafted and ready to issue. KG will focus its efforts in Delhi, including submitting and presenting BGML revival plans to the Prime Minister's Office and the Mines Ministry with support from our partners. The Board hopes the tender will be issued this calendar year and the Company, with its local partners, is planning to be in a position to prepare a right of first refusal matching bid and associated funding that meets the requirements of the tender process.

### ***Key financials***

The Company had £2.4m in cash deposits at period end.

The loss after tax for the period was £568,074, compared to £1,378,434 for the six months to 31 December 2013 and £5,621,538 for the year to June 2014.

**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.

Allowing for the Company's budgeted run rate there are sufficient funds to continue operations until the third quarter in the 2016 calendar year and to make the investments in GMSI in March and May 2015 identified above. However these cash flow projections would not enable the exercising of the GMSI option, which is at the discretion of the Company.

Kolar Gold will have to raise additional funds in the event that:

- the Company's tender offer for the BGML assets is successful, or
- the Company substantially increases its Indian investments, whether by exercising the GMSI option or further investment in their drilling activities or for supporting a BSE listing process.

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**The Board**

**Condensed consolidated statement of comprehensive income (unaudited)  
for the six months ended 31 December 2014**

		Six months ended 31 December 2014 (unaudited) £	Six months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
	<b>Note</b>			
Options issued to directors		-	(21,723)	(21,723)
Administrative expenses		(592,883)	(605,413)	(1,281,450)
Advisory and due diligence – GMSI and other prospective gold assets		-	(19,260)	(52,963)
Accretion/(Dilution) of investment in associate	7	86,618	(909,622)	(1,326,888)
Impairment of investment in associate		-	-	(2,865,325)
Foreign exchange gains		1,549	8,752	-
<b>Loss from operating activities</b>		<b>(504,716)</b>	<b>(1,547,266)</b>	<b>(5,548,349)</b>
Finance income	6	10,682	230,798	54,250
Finance costs		(63)	(497)	(501)
<b>Net finance costs</b>		<b>10,619</b>	<b>230,301</b>	<b>53,749</b>
Share of loss of associate	7	(73,977)	(61,469)	(126,938)
<b>Loss before tax</b>		<b>(568,074)</b>	<b>(1,378,434)</b>	<b>(5,621,538)</b>
Income tax expense		-	-	-
<b>Loss for the period</b>		<b>(568,074)</b>	<b>(1,378,434)</b>	<b>(5,621,538)</b>
<b>Other comprehensive income</b>				
Foreign exchange translation gains/(losses)		6,176	(35,417)	(9,942)
<b>Total comprehensive income for the period</b>		<b>(561,898)</b>	<b>(1,413,851)</b>	<b>(5,631,480)</b>
<b>Basic and diluted loss per share (p)</b>		0.53	1.33	5.29

The condensed notes on pages 10 to 13 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated statement of financial position (unaudited)**  
**as at 31 December 2014**

		31 December 2014	31 December 2013	30 June 2014
		£	£	£
	Note	(unaudited)	(unaudited)	(audited)
<b>Non-current assets</b>				
Plant and equipment		11,152	18,807	13,403
Investment in associate	7	2,830,412	5,851,077	2,503,017
Other financial asset		-	200,000	-
<b>Total non-current assets</b>		<b>2,841,564</b>	<b>6,069,884</b>	<b>2,516,420</b>
<b>Current assets</b>				
Prepayments and other current assets		19,377	33,209	24,707
Trade and other receivables		12,037	5,597	9,235
Term deposits		928,765	2,350,207	2,060,236
Cash and cash equivalents		1,482,746	1,633,685	1,370,181
<b>Total current assets</b>		<b>2,442,925</b>	<b>4,022,698</b>	<b>3,464,359</b>
<b>Total assets</b>		<b>5,284,489</b>	<b>10,092,582</b>	<b>5,980,779</b>
<b>Current liabilities</b>				
Trade and other payables		230,454	256,744	336,040
Employee benefits		113,199	116,416	142,325
<b>Total current liabilities</b>		<b>343,653</b>	<b>373,160</b>	<b>478,365</b>
<b>Non-current liabilities</b>				
Employee benefits		3,864	2,923	3,544
<b>Total non-current liabilities</b>		<b>3,864</b>	<b>2,923</b>	<b>3,544</b>
<b>Total liabilities</b>		<b>347,517</b>	<b>376,083</b>	<b>481,909</b>
<b>Net assets</b>		<b>4,936,972</b>	<b>9,716,499</b>	<b>5,498,870</b>
<b>Equity</b>				
Share capital	8	7,440,546	7,440,546	7,440,546
Share premium reserve		15,690,724	15,690,724	15,690,724
Reserves		3,842,867	3,811,216	3,836,691
Accumulated losses		(22,037,165)	(17,225,987)	(21,469,091)
<b>Total equity</b>		<b>4,936,972</b>	<b>9,716,499</b>	<b>5,498,870</b>

These financial statements were approved by the Board of Directors 2015 and were signed on its behalf by:

**Stephen Coe**  
 Director

The condensed notes on pages 10 to 13 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated statement of changes in equity (unaudited)  
for the six months ended 31 December 2014**

	Share capital	Share premium reserve	Options reserves	Foreign currency translation reserve	Accumulated losses	Total equity
(Unaudited)	£	£	£	£	£	£
<b>Balance at 1 July 2014</b>	<b>7,440,546</b>	<b>15,690,724</b>	<b>3,838,027</b>	<b>(1,336)</b>	<b>(21,469,091)</b>	<b>5,498,870</b>
<b><i>Total comprehensive income for the period</i></b>						
Loss for the period	-	-	-	-	(568,074)	(568,074)
Other comprehensive income - foreign exchange translation variances	-	-	-	6,176	-	6,176
<b><i>Total comprehensive income for the period:</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,176</b>	<b>(568,074)</b>	<b>(561,898)</b>
<b><i>Contributions by and distributions to owners:</i></b>						
Issue of ordinary shares	-	-	-	-	-	-
Equity-settled transactions for the period	-	-	-	-	-	-
<b><i>Total contributions by and distributions to owners:</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2014</b>	<b>7,440,546</b>	<b>15,690,724</b>	<b>3,838,027</b>	<b>4,840</b>	<b>(22,037,165)</b>	<b>4,936,972</b>
<b>(Audited)</b>						
<b>Balance at 1 July 2013</b>	<b>7,440,546</b>	<b>15,690,724</b>	<b>3,816,304</b>	<b>8,606</b>	<b>(15,847,553)</b>	<b>11,108,627</b>
<b><i>Total comprehensive loss for the year</i></b>						
Loss for the year	-	-	-	-	(5,621,538)	(5,621,538)
Other comprehensive income - foreign exchange translation variances	-	-	-	(9,942)	-	(9,942)
<b><i>Total comprehensive loss for the period:</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,942)</b>	<b>(5,621,538)</b>	<b>(5,631,480)</b>
<b><i>Contributions by and distributions to owners:</i></b>						
Equity-settled transactions for the period	-	-	21,723	-	-	21,723
<b><i>Total contributions by and distributions to owners:</i></b>	<b>-</b>	<b>-</b>	<b>21,723</b>	<b>-</b>	<b>-</b>	<b>21,723</b>
<b>Balance at 30 June 2014</b>	<b>7,440,546</b>	<b>15,690,724</b>	<b>3,838,027</b>	<b>(1,336)</b>	<b>(21,469,091)</b>	<b>5,498,870</b>

The condensed notes on pages 10 to 13 are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated Statement of Cash Flows (unaudited)**  
for the six months ended 31 December 2014

	Six months ended 31 December 2014 (unaudited) £	Six months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
<b>Cash flows from operating activities</b>			
Loss for the period	(568,074)	(1,378,434)	(5,621,538)
<i>Adjustments for:</i>			
Depreciation	2,251	2,181	8,299
Share of loss of associate	73,977	61,469	126,938
(Accretion)/Dilution of investment in associate	(86,618)	909,622	1,326,888
Impairment of investment in associate	-	-	2,865,325
Net finance costs/(income)	(10,619)	(230,301)	(53,749)
Unrealised foreign exchange (gains)/losses	8,234	(49,584)	21,718
Equity-settled share-based payment transactions	-	21,723	21,723
<i>Operating loss before changes in working capital and provisions</i>	<b>(580,849)</b>	<b>(663,324)</b>	<b>(1,304,396)</b>
Change in trade and other receivables	(2,802)	8,220	4,582
Change in other current assets	5,330	(5,703)	2,799
Change in trade and other payables	(105,586)	(64,706)	14,590
Change in employee benefits	(28,806)	(20,027)	6,503
<b>Cash used in operating activities</b>	<b>(712,713)</b>	<b>(745,540)</b>	<b>(1,275,922)</b>
Interest and finance costs paid	(63)	(497)	(501)
<b>Net cash used in operating activities</b>	<b>(712,776)</b>	<b>(746,037)</b>	<b>(1,276,423)</b>
<b>Cash flows from investing activities</b>			
Interest received	10,682	46,525	61,479
Funds (placed on)/taken off term deposit	1,131,471	2,321,527	2,611,498
Payments for investment in associate	(314,754)	(700,000)	(700,000)
Payments for plant and equipment	-	(1,314)	(2,028)
<b>Net cash used in investing activities</b>	<b>827,399</b>	<b>1,666,738</b>	<b>1,970,949</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities	-	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>114,623</b>	<b>920,701</b>	<b>694,526</b>
<b>Foreign exchange gain/(loss) on closing cash balances</b>	<b>(2,058)</b>	<b>14,167</b>	<b>(23,162)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>1,370,181</b>	<b>698,817</b>	<b>698,817</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,482,746</b>	<b>1,633,685</b>	<b>1,370,181</b>

The condensed notes on pages 10 to 13 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 2014**

**1 Reporting entity**

Kolar Gold Limited (the 'Company') is a company incorporated and registered in Guernsey and its shares are traded on AIM in London. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the exploration and development of mining assets in the Kolar Belt with GMSI, its Indian partner, and the potential acquisition of the mining assets of BGML from the Gol.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 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 2014.

These condensed interim consolidated financial statements were approved by the Board of Directors on 16 March 2015.

**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 2014.

**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.

Allowing for the Company's budgeted run rate there are sufficient funds to continue operations until quarter 3 2016 and to make the investments in GMSI in March and May 2015 identified above. However these cash flow projections would not enable the exercising of the GMSI option, which is at the discretion of the Company.

Kolar Gold will have to raise additional funds in the event that:

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- the Company's tender offer for the BGML assets is successful, or
- the Company substantially increases its Indian investments, whether by exercising the GMSI option or further investment in their drilling activities or for supporting a BSE listing process.

## 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 2014.

## 6 Net finance income

	Six months ended 31 December 2014 (unaudited) £	Six months ended 31 December 2013 (unaudited) £	)Year ended 30 June 2014 (audited) £
Interest income	10,682	30,798	54,250
Net gain on financial instruments designated as fair value	-	200,000	-
	<hr/> 10,682	<hr/> 230,798	<hr/> 54,250

## 7 Investment in associates

As at 30 June 2014 the Company held a 24.15% equity interest in GMSI, with a carrying value of £2,503,017. The Company invested an additional £314,754 in GMSI during the reporting period and held a 25.5% interest in GMSI at the half year balance sheet date. Investments by the Company and the other major GMSI shareholders during the period resulted in a partial reversal of the dilution of the Company's investment from prior periods. This accretion totalled £86,618 and was offset by loss of £73,977, being the Company's share of GMSI's losses for the period.

As a result of the Agreement entered into in November 2014 GMSI raised sufficient monies to fund operations and implement a 15,000 metre drilling programme. On the basis of GMSI's budgets and projections it has funding for this programme which should be completed by the end of quarter 3, 2015. GMSI will then need to raise further funds if it wishes to extend this drilling programme, prepare mining feasibility studies and manage ongoing operations. If GMSI failed to raise such funds then the value of our investment in GMSI could be adversely affected.

The Board has reviewed the impact of the above factors on the carrying value of this investment and resolved that there has been no impairment to this investment during the period.

GMSI will continue to be accounted for as an associate because, while the Group has significant influence over GMSI, it does not have control, and it will be accounted for on an equity accounting basis.

*The carrying value of the investment in an associate is determined as follows:*

Investment in an associate	£
Carrying value as at 30 June 2014	2,503,017
Additional investments during the period	314,754
Accretion of investment	86,618
Share of loss of associate	(73,977)
Carrying value as at 31 December 2014	<hr/> 2,830,412

## 8 Share capital

	Ordinary shares (Nominal value 7p per share)	
	Six months ended 31 December 2014 (unaudited) '000	Year ended 30 June 2014 (audited) '000
Opening balance	106,294	106,294
Issued during the year	-	-
<b>Closing balance</b>	<b>106,294</b>	<b>106,294</b>

No shares were issued during the period.

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 2014 (2013: nil).

## 9 Share-based payments

### a) Options

The Company has issued options to directors to compensate them for services rendered and incentivise them to add value to the Group's longer term share value.

No options were issued and no options expired during the reporting period.

The following unexpired options existed as at 31 December 2014.

Name	Date of Grant	Ordinary Shares under option	Expiry Date	Exercise Price £
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
Harvinder Hungin	31.12.12	150,000	31.12.17	0.0838
Stephen Coe	31.12.12	125,000	31.12.17	0.0838
Stephen Oke	31.12.12	125,000	31.12.17	0.0838
Harvinder Hungin	27.11.13	150,000	27.11.18	0.0638
Stephen Coe	27.11.13	125,000	27.11.18	0.0638
Stephen Oke	27.11.13	125,000	27.11.18	0.0638
		<u>1,950,000</u>		

### b) Warrants

No warrants were issued during the period.

There were no unexercised warrants existed as at 31 December 2014 (2013: nil).

## **10 Operating segments**

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

## **11 Subsequent events**

Since the balance sheet date the Company has acquired 10,331 shares in GMSI, at a cost of £160,000. Other shareholders in GMSI have acquired 18,838 shares in GMSI, at a cost of £291,000. The Company held a 25.9% equity interest in GMSI as at the date of this report.

There have been no other significant events subsequent to the balance sheet date to report that would alter the financial statements as at 31 December 2014 or require disclosure.