

30 March 2017

Lionsgold Limited
Half Year Report
for the six months ended 31 December 2016

Lionsgold Limited (“Lionsgold” or the “Company”), formerly known as Kolar Gold Limited, 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 2016.

Highlights for the period:

- Refinancing and refocussing the Company through £900,000 placing and introduction of new management and entirely new board of directors;
- Positive review of existing interests in India through 20.5% holding in leading India gold exploration and mine development company, Geomysore Services (India) Private Limited (“Geomysore”), including significant upgrade in JORC compliant resource at the most advanced project, Jonnagiri;
- Jurisdictional diversification achieved through investment into Finnish gold exploration project (commencing with a 15.4% interest in Kalevala Gold Oy (“Kalevala”) and increasing stake to 28.3%);
- 50/50 Joint Venture with TRAC Technology Limited (“TRAC”) to launch physical gold holding and trading platform for retail users in India;
- Strategic equity position acquired in TRAC of 27.3%;
- Clearing of legacy expenses incurred under previous decentralised management;
- Loss after tax for the period of £452,979 (2015: £533,065); and
- Post period end, rebranding and change of name to Lionsgold Limited.

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

“The first six months of this financial year has seen a great deal of activity for the Company as the new Board undertook steps to broaden the operational scope of the Company whilst looking to open up our interests in India. We now have three complementary gold-focused divisions all of which have important milestones pending over the coming months.

“Our India partners, Geomysore (of which Lionsgold owns 20.5%), are close to the conclusion of the economic feasibility study which takes us to the ‘decision to mine’ stage around the end of May this year. Lionsgold has also commissioned a valuation report on the entirety of Geomysore’s licences and licence applications in India which we expect to complete in early April. Our Finnish operating company, Kalevala Gold Oy, continues to progress preparatory work in the lead up to bulk sampling and resulting gold production in Q3 2017. In addition, we are on the cusp of going live with our newly branded physical gold and silver online holding and trading platform initially targeting the India market.

“We look forward to providing further updates on each of our divisions in the coming weeks and months.”

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Review of Operations

The six-month period ended 31 December 2016 was one of great activity for the Company following the placing of shares to raise £900,000 in July 2016 and the concurrent changes in the board with the appointments of new CEO Cameron Parry and executive director Luke Cairns. Under the new leadership, the Company set out to adopt a three-fold strategy: build on the existing relationships and value in India (“India Gold”); achieve jurisdictional diversification and near-term gold production via projects sourced in Finland (“Finland Gold”); and adapt and establish an online gold-trading platform via JV targeting the Indian market, supplemented by a strategic equity position in JV partner TRAC Technology Limited (“Fintech Gold”).

India Gold

Lionsgold has a 20.5 per cent shareholding in Geomysore Services (India) Private Limited (“Geomysore”) as at the date of this report following the investment of \$2.4m by Thriveni Earth Movers Private Limited to fund the completion of the internal economic feasibility study (“EFS”) currently scheduled the end of May this year.

During the period under review, Golder Associates Pty Limited (“Golder”) estimated a JORC compliant indicated and inferred gold resource of 351,000 ounces in aggregate at the East and West blocks (234,000 and 117,000 ounces respectively) which was a significant increase from the approximate 150,000 ounces identified at the East Block and as announced in Company’s half yearly report on 30 March 2016. Full details on this resource increase can be found in the announcement dated 21 October 2016.

Post the period under review and following the increased drill data resulting from the EFS drill programme Golder revised its estimates to a JORC compliant gold resource (the “Resource”) of 214,000 ounces (Indicated) and 147,000 ounces (Inferred) in total at the East and West blocks (up from 103,000 ounces Indicated and 248,000 ounces Inferred as previously announced on 21 October 2016). Whilst the Resource increase in aggregate is marginal (up from 351,000 ounces to 361,000 ounces), significantly, 111,000 ounces of the Resource at the East Block has materially shifted from Inferred to Indicated category. No additional drilling was undertaken at the West Block. Full details are set out below.

In addition, Golder has reported on the test drilling results in the South Block of Jonnagiri which demonstrate highly prospective intersections at shallow depth.

The best drill intersections include:

- **8m @ 2.67 g/t from surface,**
- **2m @ 6.84 g/t from 26m,**
- **5m @ 3.52 g/t from 3m,**
- **5m @ 4.24 g/t from 6m,**
- **3m @ 5.98 g/t from 3m, and**
- **3m @ 7.84 g/t from 10m.**

These intersections represent both detrital and primary ore, which is found in the vicinity of ancient mine workings. The next step for exploration at the South Block is a further programme of diamond core and reverse circulation drilling (approximately 4,000 metres in aggregate) with a view to establishing a JORC compliant resource to add to the East and West Block deposits.

Geomysore also has a number of other gold licences and applications in India at different stages of development in some very prospective areas including North, East and South Kolar Belt, but all resources are currently focussed on the EFS at Jonnagiri.

Prior to the final outcome of the EFS, Lionsgold commissioned Golder to undertake a valuation report of Geomysore's exploration assets in India, the results of which are expected in the coming weeks. This independent report, together with the results of the EFS and, subject to the decision to mine, any subsequent funding arrangements to build mining operations at Jonnagiri, will assist the Board in its discussions as to whether it may seek to increase its interest in Geomysore and mechanisms by which it might achieve this.

Finland Gold

In October 2016 the Company announced a Memorandum of Understanding ("MOU") under which Lionsgold had the ability to take an interest of up to 50 per cent of a new Finnish operating entity to which various gold exploration licences were being assigned. Under the MOU in the period under review the Company made an initial payment of €150,000 in cash. Post period end Kalevala Gold Oy ("Kalevala") was incorporated and, following the issue of 8.5m new ordinary shares in Lionsgold at an implied price of 1.6p per share, the Company took its interest into Kalevala to 15.4%.

Under the MOU, the Company has committed to invest a further €350,000 to take its interest to 28.3%. It was initially envisaged that this would have been paid by 28 February 2017 but payment is being requested in tranches as needed with the first €50,000 paid in February of this year. Lionsgold has the option to then increase its stake in Kalevala up to 50 per cent by the end of H2 2017 subject to a further investment of up to €1m.

Once all assigned, Kalevala will hold gold exploration licences covering 24km² in central east Finland. Subject to the level of funding, Kalevala is targeting up to a 10,000 tonne gold ore bulk sampling programme in Q3 of 2017 targeting production of 100kg of gold.

Fintech Gold

In November 2016, the Company announced that it had initiated a 50/50 Joint Venture ("JV") with TRAC Technology Limited ("TRAC") to launch an online gold and silver trading and storage platform targeting the Indian market. In conjunction with this Lionsgold acquired 27.3% of TRAC for a total consideration of \$100,000 satisfied by payment of \$50,000 in cash and the remainder through the issue of 2.6m new ordinary Lionsgold shares with an implied price of 1.6p per share.

Under the JV Lionsgold is to provide the first £50,000 to develop and launch the platform for the Indian market utilising TRAC's existing and proven gold trading platform: www.therealasset.co.uk. In the past few months the JV has developed its new brand and the site is nearing completion with a view to going live in early April. Whilst the new site will be targeting Indian customers, throughout its development the Company, together with TRAC, has taken the decision to make the platform open to customers from the UK introduced by Lionsgold.

Further announcements will be made as and when the site is ready to go live with a view to commencing trading and generating revenues immediately.

Board changes

On 28 July 2016 Cameron Parry was appointed to the Board as the Chief Executive Officer (CEO), Luke Cairns was appointed to the Board as an executive director and Vaidyanathan Venkateswaran Sivakumar resigned from the Board.

On 30 September 2016 Harvinderpal Singh Hungin stepped down as the Chairman and as a non-executive director.

On 23 November 2016 Dr. M. Hanuma Prasad was appointed to the Board as a non-executive director.

On 31 December 2016 Stephen Oke stepped down from the board as a non-executive director

Key financials

The loss after tax for the period was £452,979 compared to £533,065 for the half year to 31 December 2015.

As at 31 December 2016, the Group's cash balances were £612,383 (31 December 2015: £890,439).

Lionsgold Limited (formerly Kolar Gold Limited) and its controlled entities
Condensed consolidated Statement of Comprehensive Income (unaudited)
for the six months ended 31 December 2016

	Note	Six months ended 31 December 2016 (unaudited) £	Six months ended 31 December 2015 (unaudited) £	Year ended 30 June 2016 (audited) £
Salaries and wages		(144,375)	-	(263,073)
Share Based Payments	6	(55,000)	-	-
Other administrative expenses		(237,931)	(501,757)	(629,038)
Accretion of investment in associate	3	-	2,994	2,994
Loss from operating activities		(437,306)	(498,763)	(889,117)
Finance income		383	3,234	5,799
Finance costs		-	(3,569)	(3,477)
Net finance income/ (costs)		383	(335)	2,322
Share of loss of associate	3	(16,056)	(30,437)	(39,635)
Loss on disposal of fixed assets		-	(3,530)	(4,348)
Loss before tax		(452,979)	(533,065)	(930,778)
Income tax		-	-	-
Loss for the period/ year		(452,979)	(533,065)	(930,778)
Other comprehensive loss <i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign exchange translation variances		(11,096)	(5,405)	(5,979)
Total comprehensive loss for the year		(464,075)	(538,470)	(936,757)
Basic and diluted loss per share (GBP)		(0.24)	(0.51)	(0.88)

All results are derived from continuing activities.

Lionsgold Limited (formerly Kolar Gold Limited) and its controlled entities
Condensed consolidated Statement of Financial Position (unaudited)
as at 31 December 2016

	Note	31 December 2016	31 December 2015	30 June 2016
		£	£	£
Non-current assets		(unaudited)	(unaudited)	(audited)
Plant and equipment		-	5,802	-
Investment in associate	3	2,997,606	3,022,860	3,013,662
Investments - other	3	87,381	-	-
Total non-current assets		3,084,987	3,028,662	3,013,662
Current assets				
Trade and other receivables		1,977	12,383	3,736
Prepayments and other assets		11,529	16,289	26,218
Other receivables	4	135,233	-	-
Term deposits		166,142	434,251	285,648
Cash and cash equivalents		446,241	456,188	119,158
Total current assets		761,122	919,111	434,760
Total assets		3,846,109	3,947,773	3,448,422
Current liabilities				
Trade and other payables		118,640	174,662	144,996
Employee benefits		-	71,398	-
Total current liabilities		118,640	246,060	144,996
Total liabilities		118,640	246,060	144,996
Total net assets		3,727,469	3,701,713	3,303,426
Equity				
Share capital		-	7,440,546	7,440,546
Share premium		23,957,858	15,690,724	15,690,724
Reserves		68,106	3,827,315	17,672
Accumulated losses		(20,298,495)	(23,256,872)	(19,845,516)
Total equity		3,727,469	3,701,713	3,303,426

Lionsgold Limited (formerly Kolar Gold Limited) and its controlled entities
Condensed consolidated Statement of Changes in Equity
for the six months ended 31 December 2016

	Share capital	Share premium	Share based payment reserve	Foreign exchange translation reserve	Accumulated losses	Total equity
	£	£	£	£	£	£
Balance at 1 July 2015	7,440,546	15,690,724	3,838,027	(5,307)	(22,723,807)	4,240,183
Loss for the period	-	-	-	-	(533,065)	(533,065)
Other comprehensive loss - foreign exchange translation variances	-	-	-	(5,405)	-	(5,405)
Total comprehensive loss for the period	-	-	-	(5,405)	(533,065)	(538,470)
Balance at 31 December 2015	7,440,546	15,690,724	838,027	(10,712)	(23,256,872)	3,701,713
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 (formerly Kolar Gold Limited) and its controlled entities
Condensed consolidated Statement of Cash Flows
For the six months ended 31 December 2016

	Six months ended 31 December 2016 £ (unaudited)	Six months ended 31 December 2015 £ (unaudited)	Year ended 30 June 2016 £ (audited)
Cash flows from operating activities			
Loss for the period	(452,979)	(533,065)	(930,778)
<i>Adjustments for:</i>			
Depreciation	-	792	2,050
Accretion of investment in associate	-	30,437	(2,994)
Share of loss of associate	16,056	(2,994)	39,635
Share-based payment	55,000	-	-
Net finance income	(383)	(3,234)	(2,338)
Foreign exchange variances	(13,552)	17,757	(6,140)
Loss on disposal of assets	-	3,530	-
<i>Operating loss before changes in working capital and provisions</i>	(395,858)	(486,777)	(900,565)
Change in trade and other receivables	1,760	(9,339)	3,213
Change in other current assets	14,689	4,259	(9,576)
Change in trade and other payables	(26,356)	13,814	(15,852)
Change in employee benefit liability	-	(49,734)	(121,132)
Net Cash used in operating activities	(405,765)	(527,777)	(1,043,912)
Cash flows from investing activities			
Interest received	383	3,234	5,138
Proceeds from disposal of fixed assets	-	1,297	-
Funds withdrawn from term deposit	119,507	497,743	646,346
Loan advancement for future investment	(135,233)	-	-
Payments for investment acquisition	(45,781)	-	-
Payments for plant and equipment	-	(873)	-
Net cash from investing activities	(61,124)	501,401	651,484
Cash flows from financing activities			
Proceeds from issues of shares	900,000	-	-
Cost of issue	(108,482)	-	-
Net cash from financing activities	791,518	-	-
Net decrease in cash and cash equivalents	324,629	(26,376)	(392,428)
Foreign exchange gain/(loss) on cash balances	2,454	(23,161)	5,861
Cash and cash equivalents at 1 July	119,158	505,725	505,725
Cash and cash equivalents at 31 December <i>(Excludes term deposits of £166,141)</i>	446,241	456,188	119,158

(31 December 2015: £434,251)

Lionsgold Limited (formerly Kolar Gold Limited) and its controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2016

1. Corporate Information

Lionsgold Limited, formerly Kolar Gold Limited, (the 'Company') is a company incorporated and registered in Guernsey and its shares are traded on AIM (LSE: LION). The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the 'Group').

As at 31 December 2016, the wholly owned subsidiaries of the Company were:

- Kolar Gold Resources Limited (Mauritius);
- Kolar Gold Resources (India) Private Limited; and
- Kolar Gold Pty Limited

Lionsgold is an AIM-quoted India-focused gold exploration company, with complementary gold assets in Finland and an online exchange targeting the India market for retail users to directly own and trade of physical gold.

2. 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 under the historical cost convention and 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 2016, 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 2016 were approved by the Board of Directors on 8 December 2016 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 2016.

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 2016. 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 on 29 March 2017.

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 2016.

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 in 2016. 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 2016 and not early adopted:

Standard	Impact on initial application	Effective date
IAS 7 (Amendments)	Disclosure Initiative	1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
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 2019
Annual Improvements IFRIC 22	Annual Improvements to IFRS Standards 2014-2016 cycle IFRIC Interpretation 22 Foreign Currency transactions and advanced consideration	1 January 2017 1 January 2018
IAS 40 (Amendments)	Transfer of investment property	1 January 2018

3. Investments

a) Investment in Associate

As at 30 June 2016 the Group held a 23.12% equity interest in Geomysore with a carrying value of £3,013,662. Additional funds of US\$2.4 million were raised by Geomysore in July 2016 funded by Thriveni - one of the four major shareholders of Geomysore. By not participating in the fundraising the Group's interest was diluted proportionately. The Group's shareholding in Geomysore was diluted following the completion of the agreed funding from 23.12% to 20.5%.

	31 December 2016	31 December 2015	30 June 2016
	£	£	£
Investment in an associate	(unaudited)	(unaudited)	(audited)
Opening balance	3,013,662	3,050,303	3,050,303
Accretion of investment	-	2,994	2,994
Share of loss in associate	(16,056)	(30,437)	(39,635)
Total	2,997,606	3,022,860	3,013,662

b) Investment in TRAC Technologies

On 1 November 2016 the Company announced the acquisition of 27.3% of TRAC Technology Limited ("TRAC") for \$100,000 satisfied through \$50,000 in cash and the issue of 2,600,000 new ordinary shares at 1.6p per share.

At the date of these financial statements it was concluded that the purchase price of the investment in TRAC reflected the value of the investment as at 31 December 2016 and that there had been no significant movements between the date of acquiring the investment and the interim financial statement date. It was also concluded that no impairment to the value of the investment was required.

4. Loan advancement for Finland Investment

On 13 October 2016 the Company entered into a Memorandum of Understanding (“MOU”) with Mineral Exploration Network (Finland) Limited (“MENF”) with a view to establishing a potential joint venture in the future in order to develop gold exploration and mining assets in Finland.

Under the MOU, the Company paid €150,000 upfront on 18 October 2016. The Company has agreed to issue the equivalent of €150,000 new ordinary shares at an implied price of 1.6p in return for 150 shares in Kalevala Gold Oy (“Kalevala”), a Finnish company established to develop the various licences subject to the joint venture with MENF. The Company has committed to invest a further €350,000 in Q1 2017 with an option to provide a further €1m to take its interest up to 50% in the JV.

Although the Company advanced the initial cash payment in October, the share-based payment element of the acquisition did not occur until after the period end. Furthermore, Kalevala, the entity in which shares are being acquired, was not incorporated until January 2017 and as such, the Company did not have a shareholding in this investment at the date of these interim financial statements. For this reason, it has been deemed appropriate to treat the initial cash payment as a loan advancement for the future acquisition of the investment.

5. Share Capital

	31 December 2016 No of Shares (unaudited)	31 December 2015 No of Shares (unaudited)	30 June 2016 No of Shares (audited)
Opening balance	106,293,537	106,293,537	106,293,537
Issued during the period/ year	89,418,182	-	-
Total	195,711,719	106,293,537	106,293,537

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.

A resolution was passed at an Extraordinary General Meeting (‘EGM’) for the issue of 81,818,182 new ordinary shares (the ‘Placing Shares’) at a price of 1.1p per share (the ‘Placing Price’) on 28 July 2016. The Placing on 28 July 2016 raised £900,000 before fees and expenses. In addition the Company issued 81,818,182 warrants exercisable at 2.2p.

The EGM resolutions also included the redesignation of the ordinary shares of 7p in the capital of the Company as ordinary shares of no par value.

On the same date, the Company also issued 5,000,000 new ordinary shares to Cameron Parry as part of his remuneration package.

On 1 November 2016 the Company announced the acquisition of 27.3% of TRAC Technology Limited (“TRAC”) for \$100,000 satisfied through \$50,000 in cash and the issue of 2,600,000 new ordinary shares at a price of 1.6p per share.

6. Share-based payments

a) Options

The Company has the ability to issue options to Directors to compensate them for services rendered and incentivise them to add value to the Group’s longer term share value.

As at 31 December 2016, there were no options in existence over the shares of Lionsgold Limited.

250,000 options previously granted to Stephen Oke (125,000 on 31 December 2012 and 125,000 on 25 November 2013) lapsed during the period due to his resignation from the Board on 31 December 2016 under the terms of the Company's option plan.

300,000 options previously granted to Harvinder Hungin (150,000 on 31 December 2012 and 150,000 on 25 November 2013) lapsed due to his resignation from the Board on 30 September 2016.

b) Warrants

In addition to the Placing on 28 July 2016 which raised £900,000 before fees and expenses, the Company issued 81,818,182 warrants exercisable at 2.2p. No warrants have been exercised throughout the six month period to 31 December 2016 and no warrants have expired in this period.

During the period an amount of £61,530, representing the fair value of the warrants, has been recognised against share premium. The fair value of the options was determined using the Black Scholes model.

c) Share-based payments

On his appointment to the board, Cameron Parry was issued with 5,000,000 new ordinary shares. The issue of these shares occurred simultaneously with the Placing of 81,818,182 shares which raised £900,000 before fees and expenses.

The Placing shares were issued at a price of 1.1p which has also been taken as the deemed fair value of the shares issued to Cameron Parry.

These shares constitute a sign-on fee paid in shares and hence a share-based payment of £55,000 which has been recognised in profit and loss.

7. Operating Segments

For the financial period under review the Group had one reportable segment, being Indian Exploration - Investment in gold exploration activities and administration in the Kolar Gold Fields region in Karnataka State, India.

The Group also has corporate administrative functions outside India which generate corporate expenses that have not been allocated to a segment. Due to the winding down of the Australian subsidiary, much of these costs have since been reduced materially.

The Group's Chief Executive Officer reviews internal management reports for this segment on a monthly basis.

The Group has no revenue at this stage of its development and performance is measured based on expenses incurred and exploration activity levels in the Indian segment.

8. Subsequent events

Lionsgold Limited was formerly known as Kolar Gold Limited and changed its name effective 23 February 2017.

Following the period ended 31 December 2016 the following Options were granted:

Name	Date of Grant	Ordinary Shares under option	Expiry Date	Exercise Price £
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Cameron Parry	18.01.2017	10,000,000	31.12.2019	0.022
Luke Cairns	18.01.2017	8,000,000	31.12.2019	0.022
M Hanuma Prasad	18.01.2017	1,800,000	31.12.2019	0.022
		<u>19,800,000</u>		

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

Lionsgold Limited issued 8,500,000 new ordinary shares to Mineral Exploration Network (Finland) Limited ("MENF") in January 2017 in return for 150 shares in Kalevala Gold Oy ("Kalevala"), the recently incorporated Finnish company established to develop the various licences subject to the joint venture with MENF (the "JV") announced on 13 October 2016.

The New Shares were issued at an implied price of 1.6p per share by reference to the consideration of €150,000 as detailed in these financial statements.

There have been no other significant events subsequent to the balance sheet date to report that would alter the condensed consolidated interim financial statements as at 31 December 2016 or require disclosure.

ENDS