
KODAL MINERALS PLC
UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Kodal Minerals Plc (“Kodal Minerals” or the “Company” and, with its subsidiaries, the “Group”) the mineral development and exploration company owning extraction and exploration licences in Norway, announces to shareholders today its unaudited interim results for the six months ended 30 September 2014.

Results for the period

- In the six months ended 30 September 2014, the Company made a total comprehensive loss after taxation of £262,000 (six months to September 2013: loss of £51,000).
- Kodal capitalised £381,000 of exploration expenditure on the Kodal and Grimeli Projects which at 30 September 2014 had resultant carrying values of £3,197,677 and £103,677 respectively (30 September 2013: £626,000 and £nil respectively).
- As at 30 September 2014, cash balances amounted to £996,000 compared with £1,584,000 as at 31 March 2014 and £20,000 as at 30 September 2013.

Kodal Project

- Mapping of the exploration licences surrounding the Kodal Project was completed over the summer. Three new mineralised anomalies were identified and will be investigated further.
- Environmental baseline studies are progressing and are on track to be completed by the end of the Company’s financial year.
- A high level tailings and backfill concept has been developed which will minimise the environmental impact of the project.
- Logistical issues have arisen concerning the transportation of concentrate to the port of Larvik and are being actively investigated.
- Environmental and Social Impact Assessment report format has been developed and will be discussed with the local municipalities.

Grimeli Project

- Three new exploration licences were granted in July 2014.
- Underground channel sampling of the two former Grimeli copper mines has revealed a number of high grade results including up to 4.93% copper in the lower mine and 7.24% in the upper mine.
- Surface magnetic survey work has returned multiple magnetic responses over the historic Grimeli mine area.
- The total strike of the geophysical responses over the Grimeli Project is now 3,200m.
- The most consistent geophysical response is a 1.1km long anomaly to the east of the previously mined area.
- The Company is planning a drilling programme to test these anomalies.

Review of Activities

Kodal Project

Mapping and Anomalies

Over the summer period a detailed surface mapping exercise was carried out over the Kodal Project exploration licences, being a total of approximately 20 square kilometres.

Conditions were moderately challenging due to poor outcrop and dense vegetation cover; however, the Company has identified three new mineralised anomalies. These are currently being referred to as the Northern, Western and Southern anomalies.

The Northern anomaly is approximately 2km north of the main Kodal Project deposit and is so far of unknown extent. It has very little outcrop as is typical of mineralisation in this location. A ground magnetic survey will be completed when conditions allow, most likely once the snow melts in Spring 2015.

The Western anomaly is located at the western end of the main Kodal Project deposit and approximately 150m to the north. Its extent is unknown. However, X-ray Fluorescence (“XRF”) analysis of a single sample taken from outcrop yielded a P2O5 equivalent grade of 7.8% compared to an average of 4.77% over the existing resource. Its location

makes it of particular interest as it has potential to provide additional tonnage to the conceptual mine plan. Geophysics and follow-up drilling will be required to assess its potential.

The Southern anomaly appears to have the greatest surface extent of the three new anomalies although once again this has yet to be confirmed by geophysics and drill testing. The anomaly sits in a topographic low and has limited outcrop. Kodal Minerals has recently trialled ground magnetics over this anomaly and the main Kodal Project deposit. The results were very encouraging with a 300m long magnetic high being revealed. This magnetic anomaly is open to the east as this was only a trial survey to test the response. It is intended that a more detailed survey will be conducted in Spring 2015 once the snow has melted and before the vegetation cover returns.

XRF Analysis

The Company has used a handheld XRF analyser to analyse samples. The samples for the new anomalies were all taken from the very limited outcrop and so the data cannot be considered to be anything more than confirming the presence of mineralisation worthy of follow up in the sample location. Representative drill testing needs to be completed before a more reliable grade for the mineralised zones can be established.

Environmental Baseline Studies

The Company entered into four contracts with environmental consultants in March 2014 covering nine different areas of study. These projects are on track to be completed by the end of the Company's financial year and will contribute to the Environmental and Social Impact Assessment report.

Mine design/plan

Provisional engineering studies indicate that it may be possible to backfill the Kodal mine as it is being mined. The plan under consideration involves starting mining at the western end of the pit and progressing eastward while developing the mine to its final depth. During the fifth year of operation there should be sufficient space in the mine to start placing waste rock in the western end. This approach will effectively rehabilitate the mine while it is still in operation.

During the first four to five years of operations all the waste rock is utilised to build tailings dams to contain all the tailings produced during the anticipated life of the project.

Knight Piésold, a firm of consulting engineers, were engaged to complete a conceptual tailing storage layout. The proposed solution consists of two tailings storage facilities which integrate very well into the local topography.

Overall the combined tailings and backfill proposal seems to offer a very low footprint solution which should meet the Norwegian aim of achieving the lowest possible environmental impact.

Concentrate Transport

The Kodal Project is anticipated to produce about 850,000 tonnes of concentrate per annum which needs to be transported to the port at Larvik, approximately 25kms away. The most obvious transport route, using existing roads, would be physically possible. However, there are concerns that the impact on residents in a town local to the project, Kvelde, and on the route from Kvelde to the project may be too high.

The two alternatives being considered are either to undertake improvements to the roads in question combined with some new road construction or to use a cable car to move the concentrates to within about 5km of the port at Larvik. At this stage it is too early to determine whether either of these alternatives is preferable.

Planning and permitting process

The change of land use applications which the Company submitted earlier this year to the Larvik and Andebu municipalities (the two local municipalities in which the Kodal Project is located) will now form part of the Environmental and Social Impact Assessment ("ESIA") which the Company is required to submit. The Company has produced the proposed format for its ESIA report which defines the content and scope of the report. This is being translated and will then be presented to the local municipal planners for review and approval. The Company will then commence with populating the full ESIA report.

Grimeli Project

Size and Location

Three contiguous exploration licences (Grimeli 1–3) covering a total of 30 square kilometres and also covering two previously producing copper mines, known as Grimeli and Vågendal, have been awarded to the Company. The nearest town is Førde, a municipality in the county of Sogn og Fjordane in western Norway which is approximately 50km to the east of the project area. The licences are approximately 130km north of Bergen.

The exploration licences are valid for seven years.

Historic Production

The two historical copper mines are located on opposite sides of a long hill forming part of a peninsular. The Grimeli copper mine, the larger of the two mines, is located within three hundred metres of the coast while the smaller Vågendal mine is located 7km away to the east. The Company has traced a surface gossan for 1.6km east toward Vågendal from Grimeli, encountering several historic test pits in the process before losing the trace under superficial cover.

The Grimeli copper mine was in production over three periods from 1759-1776, 1854-1883 and 1906-1920. The underground workings extend over two areas, the first approximately 200m vertical by 200m horizontal and the second about half those dimensions according to a mine plan dated 1929. The thickness of mineralisation appears to be approximately 1.5-2m.

At this stage it is thought that the Grimeli mine produced a hand-cobbled high-grade copper ore which was exported to England for smelting.

Vågendal was in operation as an underground copper mine between 1871 and 1880. Vågendal also has elevated zinc grades with historically reported grades of 1–2% Zn.

Geology

Based on initial observations and available data, the mineralisation at Grimeli is hosted within the solund-stavfjord ophiolite complex and varies between massive sulphide and disseminated mineralisation along a number of closely associated stratiform horizons, with chalcopyrite, pyrite and pyrrhotite being the principal sulphides. The Company believes there is potential for the recovery of both copper and zinc.

Work Completed in 2014

Over recent months the Company has completed three phases of work at Grimeli. The first was project logistics and establishment, the second was accessing and sampling the old workings in the lower mine and the third was accessing and sampling the old workings in the upper mine and completing the first phase of ground magnetics.

The exploration and sampling of the lower mine proved to be challenging and only two channel samples could be obtained from previously worked areas due to the lack of remaining accessible pillars. The lower areas of the mine are flooded as they approach sea level and the bottom two levels as depicted on historical plans are inaccessible.

Multi-element acid digest assays were completed by SGS Mineral Services on the two channel samples and returned 4.93% Cu over 0.96m and 4.7% Cu over 0.86m. The minerals present in the channel samples are mainly chalcopyrite with some bornite. These samples were taken from pillars in the old workings and appear to represent narrow areas of the workings. Immediately surrounding the sample areas the stoped width exceeds two metres. Using historical records the vertical extent of that region of the mine appears to be 135m including the flooded area. The lateral extent is approximately 85m.

Nine channel samples taken in the Grimeli Upper Mine further support the view that the historical workings were targeting high grade copper mineralisation. These samples were taken from a mixture of pillars in a sub level connection to the 170 level and in-situ ore in the vertical connection between the 150 level and the sub-level. The Company now has access to a significant exposure of in-situ ore from which a sample will be extracted for mineral processing test work in due course. The best result from a series of underground channel samples taken from the upper Grimeli mine returned grades of 7.24% Cu over 1.74m. Other significant high grade results include 4.93% Cu over 1.02m, and 4.19% Cu over 0.5m.

The results from the Upper Mine are particularly interesting as some were taken from the end of an access drive on the 150 level which is thought to have been constructed around 1917 just as the mine was about to shut due to falling copper prices. As a consequence these represent in-situ ore as opposed to the pillars which were sampled in the Lower Mine. As

well as the grades being in the expected range these samples were taken over the full width of the ore body for the first time and it is also within the expected 1.5-2m range.

The combined old workings at Grimeli have now been sampled over an approximate vertical extent of 225m and an approximate horizontal extent of 350m.

A total of 18.6 line kilometres of ground magnetics have been completed. The survey focussed on the Grimeli mine and the area to the west and east of the old workings. A typical line length was 500m, initially with 200m line spacing and some infill at 50m.

The latest survey results appear to correlate closely with the geophysics completed by the Norwegian Geological Survey (NGU) in 1978 and 1981 when they conducted ground based electromagnetic (EM) and charged polarity (CP) surveys. The latest survey was completed to test the applicability of magnetic measurements to the Grimeli mineralisation, it also extended the survey area by 450m to the west and 1,200m to the east. The full strike length of the area which displays a magnetic response is now approximately 3,200m, which represents a 1,100m extension to the results reported previously.

The reported channel sample results, ordered by copper assay percentage are presented below:

Copper Grade (%) (Upper Mine unless stated otherwise)	Sample Width metres
7.24	1.74
4.93	1.02
4.93 (Lower mine)	0.96
4.7 (Lower mine)	0.86
4.19	0.50
3.73	0.93
2.45	0.70
1.83	1.40
1.65	0.88
1.43	1.19
1.07	0.74

Exploration Plan

The Company is now planning a work programme to drill test the areas around the mines at Grimeli as well as parts of the magnetic anomaly.

Financial Review

In the six months to 30 September 2014 the Group made a loss of £262,000 (six months to September 2013: £51,000) representing administrative expenses of £206,000 (six months to 30 September 2013: £51,000) and a £56,000 (six months to 30 September 2013: £nil) share based payment charge. This is in line with expectations.

During the period, costs amounting to £381,000 incurred on the Kodal Project and Grimeli Projects were capitalised as exploration and evaluation assets (six months to 30 September 2013: £271,000) and the Company purchased a further £16,000 (September 2013: £25,000) of plant and machinery to support the exploration activity.

As at 30 September 2014, the exploration and evaluation intangible asset of £3,301,000 (30 September 2013: £626,000) represented investment in the Kodal Project of £3,198,000 (30 September 2013: £626,000) and in the Grimeli Project of £104,000 (30 September 2013: £nil).

Cash at the end of September 2014 stood at £996,000, compared with £1,584,000 as at 31 March 2014.

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KODAL MINERALS PLC

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

	Note	Unaudited 6 months to 30 September 2014 £	Unaudited 6 months to 30 September 2013 £	Audited Year ended 31 March 2014 £
Continuing operations				
Revenue		-	-	-
Administrative expenses		(205,869)	(51,443)	(195,151)
Share based payments	4	(56,111)	-	(33,056)
OPERATING LOSS	2	(261,980)	(51,443)	(228,207)
Finance costs		-	-	(4,500)
Finance income		-	-	2
LOSS BEFORE TAX		(261,980)	(51,443)	(232,705)
Taxation	5	-	-	-
LOSS FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS		(261,980)	(51,443)	(232,705)
Discontinued operations				
Profit after tax for the period/year from discontinued operations		-	-	1,238
LOSS FOR THE PERIOD/YEAR		(261,980)	(51,443)	(231,467)
OTHER COMPREHENSIVE INCOME				
Items that may be subsequently reclassified to profit and loss				
Currency translation gain / (loss)		252	-	(245)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(261,728)	(51,443)	(231,712)
Loss per share				
Basic and diluted – loss per share on continued operations - pence per share	3	(0.0338)	(0.0263)	(0.0688)
Basic and diluted – loss per share on total loss - pence per share	3	(0.0338)	(0.0263)	(0.0684)

KODAL MINERALS PLC**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

		Unaudited as at 30 September 2014 £	Unaudited as at 30 September 2013 £	Audited as at 31 March 2014 £
NON CURRENT ASSETS	Note			
Intangible assets	6	3,319,724	639,126	2,944,069
Property, plant and equipment	7	80,126	10,577	77,157
		<hr/>	<hr/>	<hr/>
		3,399,850	649,703	3,021,226
CURRENT ASSETS				
Other receivables		16,690	13,950	82,994
Cash and cash equivalents		995,541	20,114	1,501,343
		<hr/>	<hr/>	<hr/>
		1,012,231	34,064	1,584,337
TOTAL ASSETS		<hr/> 4,412,081 <hr/>	<hr/> 683,767 <hr/>	<hr/> 4,605,563 <hr/>
CURRENT LIABILITIES				
Trade and other payables		(90,140)	(122,629)	(97,930)
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		<hr/> (90,140) <hr/>	<hr/> (122,629) <hr/>	<hr/> (97,930) <hr/>
NET ASSETS		<hr/> 4,321,941 <hr/>	<hr/> 561,138 <hr/>	<hr/> 4,507,633 <hr/>
EQUITY				
Attributable to owners of the Parent:				
Share capital	9	242,140	63,835	240,700
Share premium account	9	4,553,063	610,235	4,527,078
Share based payment reserve		81,667	-	33,056
Translation reserve		7	-	(245)
Retained deficit		(554,936)	(112,932)	(292,956)
		<hr/>	<hr/>	<hr/>
TOTAL EQUITY		<hr/> 4,321,941 <hr/>	<hr/> 561,138 <hr/>	<hr/> 4,507,633 <hr/>

KODAL MINERALS PLC

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

	Note	Share capital £	Share premium account £	Retained deficit £	Share based payments reserve £	Translation reserve	Total equity £
At 31 March 2013 (unaudited)		54,804	249,825	(61,489)	-	-	243,140
Comprehensive income							
Loss for the period		-	-	(51,443)	-	-	(51,443)
Total comprehensive income for the year		-	-	(51,443)	-	-	(51,443)
Transactions with owners							
Proceeds from shares issued		9,031	413,802	-	-	-	422,833
Share issue expenses		-	(53,392)	-	-	-	(53,392)
At 30 September 2013 (unaudited)		63,835	610,235	(112,932)	-	-	561,138
Comprehensive income							
Loss for the period		-	-	(180,024)	-	-	(180,024)
Other comprehensive income							
Currency translation loss		-	-	-	-	(245)	(245)
Total comprehensive income for the period		-	-	(180,024)	-	(245)	(180,269)
Transactions with owners							
Proceeds from shares issued		72,691	2,060,410	-	-	-	2,133,101
Share issue expenses		-	(363,541)	-	-	-	(363,541)
Shares issued to purchase Kodal Phosphate AS		78,125	1,671,875	-	-	-	1,750,000
Shares in settlement of services		26,049	548,099	-	-	-	574,148
Share based payment		-	-	-	33,056	-	33,056
At 31 March 2014 (audited)		240,700	4,527,078	(292,956)	33,056	(245)	4,507,633
Comprehensive income							
Loss for the period		-	-	(261,980)	-	-	(261,980)
Other comprehensive income							
Currency translation gain		-	-	-	-	252	252
Total comprehensive income for the period		-	-	(261,980)	-	252	(261,728)
Transactions with owners							
Shares in settlement of services	9	1,125	18,800	-	-	-	19,925
Transfer from option reserve	9	315	7,185	-	(7,500)	-	-
Share based payment		-	-	-	56,111	-	56,111
At 30 September 2014 (unaudited)		242,140	4,553,063	(554,936)	81,667	7	4,321,941

KODAL MINERALS PLC

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

	Unaudited 6 months to 30 September 2014 £	Unaudited 6 months to 30 September 2013 £	Audited Year ended 31 March 2014 £
Cash flows from operating activities			
(Loss) before tax	(261,980)	(51,443)	(232,705)
Adjustments for non-cash items:			
Share based payments	83,536	116,900	33,056
Operating cash flow before movements in working capital	(178,444)	65,457	(199,649)
Movement in working capital			
Decrease / (increase) in receivables	66,304	(8,474)	(77,518)
(Decrease) in payables	(7,790)	(14,326)	(39,025)
Net movements in working capital	58,514	(22,800)	(116,543)
Net cash (outflow) / inflow from operating activities	(119,930)	42,657	(316,192)
Cash flows from investing activities			
Purchase of property, plant and equipment	(16,355)	(23,635)	(80,614)
Purchase of intangible assets	(365,200)	(271,054)	(441,950)
Disposal cost for discontinued operation	-	-	(3,762)
Net cash outflow from investing activities	(381,555)	(294,689)	(526,326)
Cash flow from financing activities			
Loan received	-	-	900,000
Loan repaid	-	-	(900,000)
Interest received	-	-	2
Interest paid	-	-	(4,500)
Net proceeds from share issues	-	252,541	2,326,501
Net cash inflow from financing activities	-	252,541	2,322,003
(Decrease)/increase in cash and cash equivalents	(501,485)	509	1,479,485
Cash and cash equivalents at beginning of the period	1,501,343	19,605	19,605
Exchange (loss)/gain on cash	(4,317)	-	2,253
Cash and cash equivalents at end of the period	995,541	20,114	1,501,343

KODAL MINERALS PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

General information

Kodal Minerals plc is a public limited company incorporated and domiciled in England & Wales. The Company's shares are publicly traded on the AIM market of the London stock exchange. Kodal Minerals Plc and its subsidiaries are involved in mineral development and exploration in Norway and own extraction licences for a phosphate and iron ore project (the "Kodal Project") and exploration licences for a copper project (the "Grimeli Project").

Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 were approved by the board and authorised for issue on 18 November 2014.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2014 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards ('IFRS') as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 March 2015 and on the basis of the accounting policies expected to be used in those financial statements.

The figures for the six months ended 30 September 2014 and 30 September 2013 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 March 2014 are extracts from the 2014 audited accounts, which are available on the Company's website, and have been delivered to the Registrar of Companies, and do not constitute full accounts. The independent auditor's report on the 2014 accounts was not modified and which did not contain statements under sections 498(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

Going Concern

The Group is not yet revenue generating as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new shares.

As at 30 September 2014, the Group held cash balances of £996,000.

The Directors have prepared cash flow forecasts for the period ending 30 November 2015. The forecasts identify unavoidable third party running costs of the Group and certain other development expenditures. The forecasts assume that during the period the Group will be able to raise sufficient cash as required to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities for at least the next twelve months from the date of approval of these interim financial statements. Accordingly, the accounts have been prepared on a going concern basis.

Management plans to secure the necessary financing through the issue of new equity. Nevertheless there can be no assurance that any such initiative will be successful.

KODAL MINERALS PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. SEGMENTAL REPORTING

It is the opinion of the Directors that each of the Kodal Project and the Grimeli Project represent separate reporting segments, and are treated as such when evaluating the Group's performance.

The Group's accounting policy is to capitalise exploration and evaluation expenditure in each of its Norwegian projects and the carrying value of exploration and evaluation expenditure by project is shown in note 6. Consequently, the administrative expenses in the statement of comprehensive income reflect the administration costs necessary to run the Group and maintain its listing on the AIM market in the UK.

2. OPERATING LOSS

The operating loss before tax is stated after charging:

	Unaudited 6 months to 30 September 2014 £	Unaudited 6 months to 30 September 2013 £	Audited Year ended 31 March 2014 £
Audit services	-	-	20,000
Other fees payable to the Auditors	7,500	-	-
Legal fees	6,515	1,902	29,351
Consultants	12,780	-	7,140
Other professional fees	58,959	12,690	55,030
Share based payment	56,111	-	33,056
Directors' fees	80,000	-	35,767
Website costs	-	12,624	13,115
Stock exchange fees	8,473	-	8,550
Share register costs	1,863	-	5,184
Sundry	29,779	24,227	21,014
	<u>261,980</u>	<u>51,443</u>	<u>228,207</u>

3. LOSS PER SHARE

Basic loss per Share is calculated by dividing the loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic EPS computations:

	Loss per Share from continued operations £	Loss per Share from total loss £	Weighted average number of Shares	Basic loss per Share (pence)
Six months to 30 September 2014	(261,980)	(261,980)	773,336,363	(0.0338)
Six months to 30 September 2013	(51,443)	(51,443)	195,543,885	(0.0263)
Year ended 31 March 2014	(232,705)	-	338,258,503	(0.0688)
Year ended 31 March 2014	-	(231,467)	338,258,503	(0.0684)

Diluted loss per Share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary Shares outstanding during the period plus the weighted average number of ordinary Shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary Shares. Options in issue are not considered diluting to the earnings per Share as the Group is currently loss making. Diluted loss per Share is therefore the same as the basic loss per Share.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

4. SHARE BASED PAYMENTS

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

	Unaudited 6 months to 30 September 2014	Unaudited 6 months to 30 September 2013	Audited Year ended 31 March 2014
Share options outstanding			
Opening balance	40,000,000	-	-
Issued in the period	<u>-</u>	<u>-</u>	<u>40,000,000</u>
Closing balance	<u><u>40,000,000</u></u>	<u><u>-</u></u>	<u><u>40,000,000</u></u>

A share based payment charge of £56,111 for the period to 30 September 2014 (30 September 2013: £nil, 31 March 2014: £33,056) has been recognised in the profit and loss in relation to these options.

5. TAXATION

There is no taxation charge for the period to 30 September 2014 (30 September 2013: £nil, 31 March 2014: £nil) as the group continues to incur losses.

No deferred tax asset has been recognised in respect of losses as the timing of their utilisation is uncertain at this stage.

KODAL MINERALS PLC

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

6. INTANGIBLE ASSETS

	<u>Exploration and evaluation</u>	<u>Software</u>	<u>Total</u>
	£	£	£
COST			
At 31 March 2013	355,014	-	355,014
Additions in the period	271,054	14,245	285,299
At 30 September 2013	626,068	14,245	640,313
Additions in the period	2,295,006	13,050	2,308,056
Effects of foreign exchange	63	-	63
At 31 March 2014	2,921,137	27,295	2,948,432
Additions in the period	380,881	-	380,881
Effects of foreign exchange	(664)	-	(664)
At 30 September 2014	3,301,354	27,295	3,328,649
AMORTISATION			
At 31 March 2013	-	-	-
Amortisation charge for the period	-	1,187	1,187
At 30 September 2013	-	1,187	1,187
Amortisation charge for the period	-	3,176	3,176
At 31 March 2014	-	4,363	4,363
Amortisation charge for the period	-	4,562	4,562
At 30 September 2014	-	8,925	8,925
NET BOOK VALUES			
At 30 September 2014 (Unaudited)	3,301,354	18,370	3,319,724
At 30 September 2013 (Unaudited)	626,068	13,058	639,126
At 31 March 2014 (Audited)	2,921,137	22,932	2,944,069

As at 30 September 2014, the exploration and evaluation intangible asset of £3,301,354 (30 September 2013: £626,068) represented investment in the Kodal Project of £3,197,677 (30 September 2013: £626,068) and in the Grimeli Project of £103,677 (30 September 2013: £nil).

Impairment Review

The Directors have conducted an impairment review on the carrying value of the Kodal Project of £3,197,677 as at 30 September 2014 which included a review of the underlying assumptions used in its model to support the economic potential of the Kodal Project. The review focussed on commodity prices, the processing/extraction methodology and the potential markets for the phosphate and iron ore concentrates.

After considering these factors the Directors have determined that there is no indication of impairment to the carrying value of the Kodal Project as at 30 September 2014.

The carrying value of the Grimeli Project was not subject to an impairment review.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**
7. PROPERTY, PLANT AND EQUIPMENT

	<u>Fixtures, fittings and equipment</u>	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
COST				
At 31 March 2013	-	-	-	-
Additions in the period	11,200	-	-	11,200
At 30 September 2013	11,200	-	-	11,200
Additions in the period	30,674	15,579	23,161	69,414
Effects of foreign exchange	143	27	417	587
At 31 March 2014	42,017	15,606	23,578	81,201
Additions in the period	16,355	-	-	16,355
Effects of foreign exchange	(688)	(718)	(1,085)	(2,491)
At 30 September 2014	57,684	14,888	22,493	95,065
DEPRECIATION				
At 31 March 2013	-	-	-	-
Charge for the period	623	-	-	623
At 30 September 2013	623	-	-	623
Charge for the period	2,214	136	1,056	3,406
Effects of foreign exchange	4	2	9	15
At 31 March 2014	2,841	138	1,065	4,044
Charge for the period	6,329	1,908	2,882	11,119
Effects of foreign exchange	(64)	(48)	(112)	(224)
At 30 September 2014	9,106	1,998	3,835	14,939
NET BOOK VALUES				
At 30 September 2014 (Unaudited)	48,578	12,890	18,658	80,126
At 30 September 2013 (Unaudited)	10,577	-	-	10,577
At 31 March 2014 (Audited)	39,176	15,468	22,513	77,157

KODAL MINERALS PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

8. SUBSIDIARY ENTITIES

The consolidated financial statements include the following subsidiary companies:

<u>Company</u>	<u>Subsidiary of</u>	<u>Country of incorporation</u>	<u>Equity holding</u>	<u>Nature of Business</u>
Kodal Norway (UK) Limited	Kodal Minerals Plc	United Kingdom	100%	Operating company
Kodal Mining AS	Kodal Norway (UK) Limited	Norway	100%	Mining exploration
Kodal Phosphate AS	Kodal Norway (UK) Limited	Norway	100%	Mining exploration

The Group structure remains the same as that reported in its Annual Report and Accounts for the year ended 31 March 2014.

9. ORDINARY SHARES

Allotted, issued and fully paid:

	Nominal Value	Number of Ordinary Shares	Share Capital £	Share Premium £
At 31 March 2013	£0.0003125	175,372,142	54,804	249,825
	£0.0003125	7,500,000	2,344	72,656
	£0.0003125	18,654,500	5,828	300,105
	£0.0003125	2,750,000	859	41,041
Share issue costs		-	-	(53,392)
At 30 September 2013		204,276,642	63,835	610,235
	£0.0003125	2,821,150	882	18,866
	£0.0003125	43,500,000	13,594	236,406
	£0.0003125	26,785,715	8,371	179,129
	£0.0003125	250,000,000	78,125	1,671,875
	£0.0003125	142,857,240	44,643	955,358
	£0.0003125	100,000,000	31,250	1,218,750
Share issue costs		-	-	(363,541)
At 31 March 2014		770,240,747	240,700	4,527,078
Issue (Note 1)	£0.0003125	2,358,681	737	16,788
Issue (Note 2)	£0.0003125	2,250,000	703	9,197
At 30 September 2014		774,849,428	242,140	4,553,063

Share issue costs have been allocated against the Share Premium account.

Note 1: On 22 April 2014, a total of 2,358,681 Shares were issued to a supplier of the Company and Mr Eyi (a Director) in settlement of their services provided to the Company at an issue price of 0.743 pence per Share.

Note 2: On 9 July 2014, a total of 2,250,000 Shares were issued to a supplier of the Company and Mr Eyi (a Director) in settlement of their services provided to the Company at an issue price of 0.44 pence per Share.

10. RELATED PARTY TRANSACTIONS

Transactions with subsidiary companies

Prior to the setting up of bank accounts by its subsidiary companies, the Company made certain payments on behalf of its subsidiaries and processed these through intercompany accounts. During the six months to September 2014 the Company and its subsidiaries have restructured these intercompany accounts by repaying existing loans and advancing new loans under new loan facilities such that the Company now finances Kodal Norway (UK) Limited, which in turn finances the Norwegian subsidiaries.

Consequently, during the period, Kodal Mining AS repaid a loan of £211,734 from Kodal Minerals Plc which then lent this same amount to Kodal Norway (UK) Limited which then lent this same amount to Kodal Mining AS.

Additionally, Kodal Phosphate AS repaid its loan of £1,370 from Kodal Minerals Plc, which then lent this same amount to Kodal Norway (UK) Limited which then lent this same amount to Kodal Mining AS, which subsequently lent this same amount to Kodal Phosphate AS.

Kodal Norway (UK) Limited

During the six months ended 30 September 2014, Kodal Minerals Plc purchased assets for a cost of £255,706 (30 September 2013: £nil, 31 March 2014: £47,603) on behalf of Kodal Norway (UK) Limited which it subsequently sold to Kodal Norway (UK) Limited at cost. This is in addition to a further £633,921 of assets sold in December 2013 for £900,000 to Kodal Norway (UK) Limited i.e. a profit on this sale of £266,079.

During the six months ended 30 September 2014, Kodal Minerals Plc advanced a loan to Kodal Norway (UK) Limited £70,800, which was outstanding at the period end (30 September 2013: £nil, 31 March 2014: £nil), to support ongoing activity.

Transactions with related parties

Robert Wooldridge, a Director, is a member of SP Angel Corporate Finance LLP (“SP Angel”) which acts as Financial Adviser and Broker to the Company. During the six months ended 30 September 2014, the Company has paid fees to SP Angel of £12,500 (30 September 2013: £nil, 31 March 2014 £6,250) for its services as broker.

SP Angel was reimbursed by the Group for travel and other sundry expenses in the six months to 30 September 2014 of £3,408 (30 September 2013: £16,409, 31 March 2014: £19,117).

Novoco Mine Engineering Limited (“Novoco”), a company wholly owned by Luke Bryan, a Director, provided consultancy services to the Group during the six months to 30 September 2014 and received fees of £84,000 (30 September 2013: £nil, 31 March 2014: £100,000 in cash plus £300,000 in share based payments). During the six months ended 30 September 2014 Novoco was reimbursed £6,123 (30 September 2013: £7,856, 31 March 2014: £32,783) for expenses. At 30 September £18,691 (30 September 2013: £nil, 31 March 2014: £14,500) was owed by the group to Novoco which was paid in October 2014.

11. CONTROL

No one party is identified as controlling the Group.

12. EVENTS AFTER THE REPORTING PERIOD

On 8 October 2014 the Group issued 1,436,781 Shares at a price of 0.348 pence per Share to Mr Eyi, a Director of the Group in lieu of director’s fees.