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Kodal Minerals Plc / Index: AIM / Epic: KOD / Sector: Mining

3 November 2016

Kodal Minerals Plc
("Kodal Minerals" or "the Company" and, with its subsidiaries, "the Group")

Unaudited Interim Results
For the six months ended 30 September 2016

Kodal Minerals Plc, the mineral exploration and development company, is pleased to announce its unaudited interim results for the six months ended 30 September 2016.

Highlights

- Completion of transformational acquisitions to gain exposure to lithium and gold exploration projects in West Africa:
 - Secured exclusive rights to explore and acquire a controlling interest in a prospective high grade lithium project in Southern Mali, the Bougouni Lithium Project;
 - Acquired a portfolio of highly prospective gold exploration targets in Côte d'Ivoire and Mali with existing joint ventures and commitment of up to US\$4.7 million exploration spend by Australian Securities Exchange listed Newcrest Mining Limited ("Newcrest") and Resolute Mining Limited ("Resolute");
- Previous World Bank sponsored studies show high grade lithium anomalies in excess of 2.0% Li₂O at the Bougouni Lithium Project. Initial field reconnaissance completed and geological mapping and rock chip sampling underway;
- Large geochemical gold anomaly identified at 100% owned Nangalasso gold project in Mali and surface geochemical sampling at 100% owned Korhogo gold project returned four new gold anomalous zones;
- Exploration work being funded through two successful capital raises – £680,000 in May 2016 to facilitate exploration in West Africa and a further £750,000 post period end for exploration at the Bougouni Lithium Project.

Kodal CEO Bernard Aylward commented, "I was delighted to join the Kodal Board in May 2016 bringing with me an exciting portfolio of gold exploration projects in West Africa. Since then we have added the Bougouni Lithium Project to our portfolio which has given the Group exposure to an exciting and high-grade lithium project. These strategic decisions have provided the Group with exposure to two commodities with complementary demand fundamentals, with lithium demand being driven globally by the uptake in electric cars and lithium-ion batteries, and gold being seen as a safe haven in the turbulent markets being experienced post the UK Referendum.

"We have retained our copper and phosphate/iron ore projects in Norway. However, our focus will be on developing the lithium and gold projects in West Africa and we look forward to further positive newsflow as we continue to unlock the value in these projects. At the same time, we remain on the lookout for further acquisitions of early stage and value accretive strategic mineral

opportunities.”

CEO Statement

Following a transformational period for Kodal, the Group is now actively exploring its lithium and gold projects in West Africa whilst maintaining its licences in Norway, providing exposure to two important commodities in an established mining jurisdiction.

This follows the Group’s acquisition of 100 per cent of International Goldfields (Bermuda) Limited (the “IG Bermuda Acquisition”), which controls a portfolio of gold exploration projects in West Africa, from ASX listed Taruga Gold Limited in May 2016. The acquired portfolio includes eight mineral licences and two licence applications covering a collection of highly prospective gold exploration targets in Côte d'Ivoire and Mali on the West African Birimian Greenstone Belt. Importantly there are existing joint venture and farm-in agreements on four of these licence areas with two major producing ASX listed gold companies, Newcrest Mining Limited and Resolute Mining Limited, with an aggregate exploration spend of up to US\$4.7 million. Newcrest has a farm-in agreement to spend US\$1.7 million within three years to earn a 75% interest on the Dabakala gold project in Côte d'Ivoire and Resolute has the right to earn up to a 75% interest over two concessions and one concession application in Côte d'Ivoire through expenditure of US\$3.0 million over four years. The consideration for the IG Bermuda Acquisition of £410,000 was satisfied by the issue of 1,025,000,000 shares in the Company. Further details are set out in note 4 to the interim financial statements.

Following this acquisition, the Group continued to increase its landholding in West Africa, through the acquisition of the Madina Lithium project in August 2016 (the “Madina Acquisition”) and subsequently the acquisition of the contiguous Kolassokoro Lithium project in September 2016 (the “Kolassokoro Acquisition”), together the “Bougouni Lithium Project”. Lithium has been identified by the Board as a high-value strategic mineral having recently seen strong demand for batteries (electric cars and static storage) and tight supply apply upward pressure on prices.

The acquisition of the Bougouni Lithium Project has allowed Kodal to develop a diversified portfolio of exploration assets with previous exploration activity indicating the potential for high-grade mineralisation to be defined. The Madina Acquisition and Kolassokoro Acquisition each involved an initial down payment, of US\$25,000 (£19,118) and US\$20,000 (£15,295) respectively, to secure exclusive access for exploration work on the concession area, with further payments over three years to secure ownership of the licences. Further details of the terms of these acquisitions are set out in note 4 to the interim financial statements.

The Group commenced exploration at the 500km² Bougouni Lithium Project in September 2016. Results from geological reconnaissance conducted on the Kolassokoro and Madina concessions revealed the existence of a more extensive system of pegmatite veins than suggested in previously published literature. Historic sampling of the vein set has reported high-grade lithium mineralisation of up to 2.2% Li₂O. Kodal has planned a staged programme of exploration aimed at rapidly advancing the project towards JORC compliant status in the near term. This work programme will consist of geological mapping and sampling of priority targets followed by an

initial drilling programme in November 2016 and metallurgical test work. A second phase of drilling is then anticipated which will be used in geological modelling for detailed assessment and the potential declaration of a preliminary JORC compliant mineral resource estimate.

The Group has continued with its gold exploration programme in Mali, with a trenching programme completed at the Nangalasso Project with results announced in September 2016. The 345km² Nangalasso Project consists of two concessions; the Nangalasso and Sotian concessions, over which Kodal holds exclusive access and option to purchase agreements. The project is located in southern Mali, approximately 250km from the capital of Bamako and 15km to the west of the world-class Syama gold mine operated by Resolute.

Previous exploration at Nangalasso has consisted of surface geochemical sampling, auger geochemical drilling, trench sampling and wide-spaced reconnaissance aircore drilling. A large geochemical gold anomaly has been defined at Nangalasso and results from the reconnaissance drilling include 3m at 7.1g/t gold within a broader zone of 21m at 1.25g/t gold, 3m at 7.84g/t gold, 1m at 7.8g/t gold and broad anomalous zones from trench samples including 7m at 3.84g/t gold.

The 2016 trench sampling programme consisted of five separate trench locations for a total of 264m. Trenches were dug to a depth of 2m below surface and samples were collected on a 3m composite basis. This sampling is considered a surface geochemical test and provided information regarding the depth of transported cover, information on the geological structure and alteration as well as confirmation of the surface gold anomalism. All trenches returned anomalous gold values that confirm the surface gold anomalism previously defined at Nangalasso with the highest results being 3m of 0.37g/t, 3m of 0.27 g/t and 6m 0.12g/t.

Kodal has also continued its exploration in Côte d'Ivoire with a surface geochemical sampling programme completed at the 100% owned Korhogo concession located in north-central Côte d'Ivoire. This area of Côte d'Ivoire is very under-explored and the level of exploration at Korhogo is at a very early stage. The geochemical sampling programme has returned encouraging results, as announced in October 2016, with four gold anomalous areas outlined over strike lengths of up to three and a half kilometres. Further exploration is required to determine the significance of the targets.

In Norway, the Group retains full rights to and has continued to maintain its licences covering the Kodal phosphate and titanomagnetite project ("Kodal Project") and the Grimeli copper project.

In October 2016, the Group announced that it had requested a temporary withdrawal from the planning process for its non-core Kodal Project in southern Norway so as to avoid expending further management time or incurring additional costs. The Kodal Project was fully impaired by the Group in its financial statements for the year ended 31 March 2015 in response to the dramatic fall in the price of iron ore. The Group was seeking to continue to progress the planning process but was not undertaking any further exploration or development work on the project. The Group has written to the relevant municipalities requesting a temporary withdrawal from the planning process on the basis that the Kodal Project is not currently economically viable and that this is unlikely to change in the short term. The Group understands that, subsequent to receipt of the withdrawal request, one of the municipalities proceeded to consider the planning application and voted against it. The Group has received no formal notification of this vote and has been advised that it is inconsequential. In any event, the licences remain valid until July 2023 and the Group has been advised that it can restart the planning process at any time if the economics of the project improve in the future.

The Group completed a capital raising of £680,000 before costs in May 2016 at the time of the Taruga Acquisition to facilitate exploration in West Africa. Since 30 September 2016, an additional £750,000 capital raising has been completed to expand the exploration programme to focus on the exciting Bougouni Lithium Project in Mali.

The Group has recorded a loss for the 6 month period to 30 September 2016 of £206,000 compared to £275,000 for the 6 months to 30 September 2015 and £466,000 for the year to 31 March 2016.

Cash balances as at 30 September 2016 were £315,000 compared to £283,000 at 30 September 2015 and £135,000 at 31 March 2016. Following the capital raising completed in October 2016, cash balances as at 31 October 2016 were £896,000.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

Unaudited 6 months to 30 September 2016	Unaudited 6 months to 30 September 2015	Audited Year ended 31 March 2016
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	£	£	£
Continuing operations			
Revenue	-	-	-
Impairment charge	(3,631)	(41,338)	(50,426)
Administrative expenses	(192,993)	(209,860)	(374,651)
Share based payments	(9,778)	(23,778)	(40,556)
	<hr/>	<hr/>	<hr/>
OPERATING LOSS	(206,402)	(274,976)	(465,633)
Finance income	-	5	11
	<hr/>	<hr/>	<hr/>
LOSS BEFORE TAX	(206,402)	(274,971)	(465,622)
Taxation	-	-	-
	<hr/>	<hr/>	<hr/>
LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	(206,402)	(274,971)	(465,622)
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss			
Currency translation (loss)/gain	(7,199)	4,669	(1,142)
	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	(213,601)	(270,302)	(466,764)
	<hr/>	<hr/>	<hr/>
Loss per share attributable to owners of the parent			
Basic and diluted – loss per share on total earnings - pence per share	(0.0068)	(0.0281)	(0.0458)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

		Unaudited as at 30 September 2016 £	Unaudited as at 30 September 2015 £	Audited as at 31 March 2016 £
	Note			
NON CURRENT ASSETS				
Intangible assets	3	1,322,818	555,064	601,391
Property, plant and equipment		51,936	74,252	63,581
		<hr/> 1,374,754	<hr/> 629,316	<hr/> 664,972
CURRENT ASSETS				
Other receivables		7,570	5,692	2,984
Cash and cash equivalents		315,340	282,535	134,801
		<hr/> 322,910	<hr/> 288,227	<hr/> 137,785
TOTAL ASSETS		<hr/> 1,697,664	<hr/> 917,543	<hr/> 802,757
CURRENT LIABILITIES				
Trade and other payables		<hr/> (147,439)	<hr/> (33,957)	<hr/> (98,859)
TOTAL LIABILITIES		<hr/> (147,439)	<hr/> (33,957)	<hr/> (98,859)
NET ASSETS		<hr/> 1,550,225	<hr/> 883,586	<hr/> 703,898
EQUITY				
Attributable to owners of the parent:				
Share capital	5	1,179,643	328,080	328,080
Share premium account	5	5,135,992	4,937,405	4,937,405
Share based payment reserve		164,445	137,889	154,667
Translation reserve		(5,299)	7,711	1,900
Retained deficit		<hr/> (4,924,556)	<hr/> (4,527,499)	<hr/> (4,718,154)
TOTAL EQUITY		<hr/> 1,550,225	<hr/> 883,586	<hr/> 703,898

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

ATTRIBUTABLE TO OWNERS OF THE PARENT

	Note	Share capital £	Share premium account £	Share based payments reserve £	Translation reserve	Retained deficit £	Total equity £
At 31 March 2015 (audited)		243,186	4,562,017	114,111	3,042	(4,252,532)	669,824
Comprehensive income							
Loss for the period		-	-	-	-	(274,971)	(274,971)
Currency translation gain		-	-	-	4,669	-	4,669
Total comprehensive income for the period		-	-	-	4,669	(274,971)	(270,302)
Transactions with owners							
Share issue		69,445	330,551	-	-	-	399,996
Share issue expenses		-	(24,000)	-	-	-	(24,000)
Shares in settlement of services		15,449	68,837	-	-	-	84,286
Share based payment		-	-	23,778	-	-	23,778
At 30 September 2015 (unaudited)		328,080	4,937,405	137,889	7,711	(4,527,503)	883,582
Comprehensive income							
Loss for the period		-	-	-	-	(190,651)	(190,651)
Currency translation loss		-	-	-	(5,811)	-	(5,811)
Total comprehensive income for the period		-	-	-	(5,811)	(190,651)	(196,462)
Transactions with owners							
Share based payment		-	-	16,778	-	-	16,778
At 31 March 2016 (audited)		328,080	4,937,405	154,667	1,900	(4,718,154)	703,898
Comprehensive income							
Loss for the period		-	-	-	-	(206,402)	(206,402)
Currency translation loss		-	-	-	(7,199)	-	(7,199)
Total comprehensive income for the period		-	-	-	(7,199)	(206,402)	(213,601)
Transactions with owners							
Share issue	5	851,563	238,437	-	-	-	1,090,000
Share issue expenses	5	-	(39,850)	-	-	-	(39,850)
Share based payment		-	-	9,778	-	-	9,778
At 30 September 2016 (unaudited)		1,179,643	5,135,992	164,445	(5,299)	(4,924,556)	1,550,225

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Unaudited 6 months to 30 September 2016 £	Unaudited 6 months to 30 September 2015 £	Audited Year ended 31 March 2016 £
Note			
Cash flows from operating activities			
Loss before tax	(206,402)	(274,976)	(465,622)
Adjustments for non-cash items:			
Impairment charge	3,631	41,338	50,426
Share based payments	9,778	23,778	40,556
Operating cash flow before movements in working capital	<u>(192,993)</u>	<u>(209,860)</u>	<u>(374,640)</u>
Movement in working capital			
(Increase)/decrease in receivables	(4,586)	22,403	25,111
Increase/(decrease) in payables	48,580	(49,758)	(14,856)
Net movements in working capital	<u>43,994</u>	<u>(27,355)</u>	<u>10,255</u>
Net cash outflow from operating activities	<u>(148,999)</u>	<u>(237,215)</u>	<u>(364,385)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	-	-	-
Purchase of intangible assets	(301,314)	(156,886)	(182,764)
Net cash outflow from investing activities	<u>(301,314)</u>	<u>(156,886)</u>	<u>(182,764)</u>
Cash flow from financing activities			
Interest received	-	5	11
Net proceeds from share issues	640,150	376,000	375,996
Net cash inflow from financing activities	<u>640,150</u>	<u>376,005</u>	<u>376,007</u>
Increase/(Decrease) in cash and cash equivalents	189,837	(18,096)	(171,142)
Cash and cash equivalents at beginning of the period	134,801	306,843	306,843
Exchange loss on cash	(9,298)	(6,212)	(900)
Cash and cash equivalents at end of the period	<u>315,340</u>	<u>282,535</u>	<u>134,801</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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 the exploration and evaluation of mineral resources in West Africa and Norway.

Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 were approved by the board and authorised for issue on 2 November 2016.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2016 have been applied in the preparation of these condensed consolidated interim financial statements. These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards ('IFRS') as adopted by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 March 2017 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 2016 and 30 September 2015 are unaudited and do not constitute full accounts under IFRS as adopted by the EU. The comparative figures for the year ended 31 March 2016 are taken from the 2016 audited accounts, which are available on the Group's website, and have been delivered to the Registrar of Companies, and do not constitute full accounts. The independent auditor's report on the 2016 accounts was unqualified and 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 Group has raised from the issue of new shares.

As at 30 September 2016, the Group held cash balances of £315,000 and following the capital raising completed in October 2016, cash balances as at 31 October 2016 were £896,000.

The Directors have prepared cash flow forecasts for the period ending 31 December 2017. The forecasts include the costs of the planned exploration work on the Group's concessions in Mali and Côte d'Ivoire, the costs of maintaining the Norwegian projects and the corporate and operational overheads of the Group. Further fund raising will be required at an appropriate time in order to undertake additional phases of the exploration work and the Group has historically been successful in raising additional funds in such circumstances. However, the forecasts demonstrate that the Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these interim financial statements without the need for a further fund raising. Accordingly, the interim financial statements have been prepared on a going concern basis.

Accounting for asset purchases

Where entities acquired do not meet the definition of a business, as defined in IFRS 3, they are accounted for as an asset purchase, with no goodwill recognised and assets and liabilities separately recognised and consolidated into the Group at a carrying amount based on relative fair values at the date of purchase. Transaction costs associated with the purchase are capitalised.

1. SEGMENTAL REPORTING

The operations and assets of the Group are focused in the United Kingdom, West Africa and Norway and comprise one class of business: the exploration and evaluation of mineral resources. The parent Company acts as a holding company. At 30 September 2016, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the period.

Six months to 30 September 2016 (Unaudited)	West African Gold	West African Lithium	Norway	Corporate	Total
	£	£	£	£	£
Impairment	-	-	(3,631)	-	(3,631)
Administration expenses	-	-	(331)	(192,662)	(192,993)
Share based payments	-	-	-	(9,778)	(9,778)
Loss for the period	-	-	(3,962)	(202,440)	(206,402)

At 30 September 2016

Other receivables	-	-	-	7,570	7,570
Cash and cash equivalents	3,151	-	1,346	310,843	315,340
Trade and other payables	(26,671)	-	-	(120,768)	(147,439)
Intangible assets - software	-	-	1,530	-	1,530
Intangible assets - acquisition of IG Bermuda	530,134	-	-	-	530,134
Intangible assets – other exploration and evaluation expenditure	133,879	35,696	621,579	-	791,154
Property plant and equipment	-	-	51,936	-	51,936
Net assets	640,493	35,696	676,391	197,645	1,550,225

Six months to 30 September 2015 (Unaudited)

	West African Gold	West African Lithium	Norway	Corporate	Total
	£	£	£	£	£
Finance income	-	-	-	5	5
Impairment	-	-	(41,338)	-	(41,338)
Administration expenses	-	-	(19,704)	(190,156)	(209,860)
Share based payments	-	-	-	(23,778)	(23,778)
Loss for the period	-	-	(61,042)	(213,934)	(274,971)

At 30 September 2015

Other receivables	-	-	-	5,692	5,692
Cash and cash equivalents	-	-	-	282,535	282,535
Trade and other payables	-	-	-	(33,957)	(33,957)
Intangible assets - software	-	-	9,339	-	9,339
Intangible assets - exploration and evaluation expenditure	-	-	545,725	-	545,725
Property plant and equipment	-	-	74,252	-	74,252
Net assets	-	-	629,316	245,270	883,586

Year to 31 March 2016 (Audited)	West African Gold	West African Lithium	Norway	Corporate	Total
	£	£	£	£	£
Finance income	-	-	11	-	11
Administration expenses	-	-	(20,671)	(353,980)	(374,651)
Impairment charge	-	-	(50,426)	-	(50,426)
Share based payments	-	-	-	(40,556)	(40,556)
Loss for the year	-	-	(71,086)	(394,536)	(465,622)
At 31 March 2016					
Other receivables	-	-	2,984	-	2,984
Cash and cash equivalents	-	-	278	134,523	134,801
Trade and other payables	-	-	-	(98,859)	(98,859)
Intangible assets - software	-	-	4,836	-	4,836
Intangible assets - exploration and evaluation expenditure	-	-	596,555	-	596,555
Property plant and equipment	-	-	63,581	-	63,581
Net assets	-	-	668,234	35,664	703,898

2. 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 loss and share data used in the basic EPS computations:

	Loss £	Weighted average number of shares	Basic loss per share (pence)
Six months to 30 September 2016	(206,402)	3,041,201,003	(0.0068)
Six months to 30 September 2015	(274,971)	978,105,003	(0.0281)
Year ended 31 March 2016	(465,622)	1,015,307,538	(0.0458)

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.

3. INTANGIBLE ASSETS

	<u>Exploration and evaluation</u> £	<u>Software</u> £	<u>Total</u> £
COST			
At 31 March 2015	3,696,562	27,295	3,723,857
Additions in the period	277,309	-	277,309

Effects of foreign exchange	<u>(3,780)</u>	<u>-</u>	<u>(3,780)</u>
At 30 September 2015	3,970,091	27,295	3,997,386
Additions in the period	85,291	-	85,291
Effects of foreign exchange	3,263	-	3,263
	<u>4,058,645</u>	<u>27,295</u>	<u>4,085,940</u>
At 31 March 2016	4,058,645	27,295	4,085,940
Additions in the period – acquisition of IG Bermuda	530,134	-	530,134
Additions in the period – other expenditure	194,036	-	194,036
Effects of foreign exchange	4,194	-	4,194
	<u>4,787,009</u>	<u>27,295</u>	<u>4,814,304</u>
At 30 September 2016	4,787,009	27,295	4,814,304
AMORTISATION			
At 31 March 2015	3,411,664	13,452	3,425,116
Amortisation charge for the period	-	4,504	4,504
Impairment charge	12,702	-	12,702
	<u>3,424,366</u>	<u>17,956</u>	<u>3,442,322</u>
At 30 September 2015	3,424,366	17,956	3,442,322
Amortisation charge for the period	-	4,503	4,503
Impairment charge	37,724	-	37,724
	<u>3,462,090</u>	<u>22,459</u>	<u>3,484,549</u>
At 31 March 2016	3,462,090	22,459	3,484,549
Amortisation charge for the period	-	3,306	3,306
Impairment charge	3,631	-	3,631
	<u>3,465,721</u>	<u>25,765</u>	<u>3,491,486</u>
At 30 September 2016	3,465,721	25,765	3,491,486
NET BOOK VALUES			
At 30 September 2016 (Unaudited)	<u>1,321,288</u>	<u>1,530</u>	<u>1,322,818</u>
At 30 September 2015 (Unaudited)	<u>545,725</u>	<u>9,339</u>	<u>555,064</u>
At 31 March 2016 (Audited)	<u>596,555</u>	<u>4,836</u>	<u>601,391</u>

In September 2015, the Group conducted an impairment review of the Kodal Project in Norway in response to the significant fall in the iron ore price and determined that the carrying value of the project should be impaired in full. The impairment charges in subsequent periods in the table above relate to further minor expenditures on the Kodal Project which are impaired as they are incurred.

4. 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
International Goldfields (Bermuda) Limited	Kodal Minerals Plc	Bermuda	100%	Holding company
International Goldfields Mali SARL	International Goldfields (Bermuda) Limited	Mali	100%	Mining exploration
International Goldfields Côte d'Ivoire SARL	International Goldfields (Bermuda) Limited	Côte d'Ivoire	100%	Mining exploration
Jigsaw Resources Limited	International Goldfields (Bermuda) Limited	Bermuda	100%	Mining exploration
Corvette CIV SARL	International Goldfields (Bermuda) Limited	Côte d'Ivoire	100%	Mining exploration
Future Minerals Limited	International Goldfields (Bermuda) Limited	Bermuda	100%	Mining exploration

Acquisition of International Goldfields (Bermuda) Limited ("IG Bermuda")

On 20 May 2016, Kodal Minerals Plc completed the acquisition of IG Bermuda which through its four subsidiaries has interests in a number of gold exploration projects in Mali and Côte d'Ivoire in Western Africa. The consideration of £410,000 was satisfied by the issue of 1,025,000,000 ordinary shares of the Company, which were issued to Taruga Gold Limited ("Taruga"), a company listed on the Australian Stock Exchange and the previous owner of IG Bermuda. The consideration shares were subsequently distributed by Taruga to its shareholders as an in specie distribution. Due to the lack of processes and outputs at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of IG Bermuda as an asset purchase.

IG Bermuda and its subsidiaries (the "IG Group") has interests in four licences in Mali and four exploration licences plus two further licence applications in Côte d'Ivoire. The IG Group has entered into a farm-in agreement with Newcrest Mining Limited over one of the Côte d'Ivoire licences and a joint venture agreement with Resolute Mining Limited over three licences and one licence application in Côte d'Ivoire.

Including fees and expenses, the total cost of the acquisition was £507,373. The relative fair values of the identifiable assets and liabilities acquired and included in the consolidation are:

	£
Intangible assets – exploration and evaluation	530,134
Cash	39
Other liabilities	(22,800)
	<u>507,373</u>

Acquisition of the Bougouni Lithium Project

In August 2016, the Group completed the acquisition of the Madina Lithium project and subsequently in September 2016 completed the acquisition of the Kolassokoro Lithium project, together the “Bougouni Lithium Project”. The acquisitions were made through Future Minerals Limited.

Acquisition of the Madina Lithium Project

The Group entered into an agreement with Gorutumu covering the Madina concession. Gorutumu is a Mali company with interests in mining concessions and related businesses in Mali. Madina is a mining concession owned by Gorutumu and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km². The Madina concession was granted for an initial three-year term from July 2011, was renewed in April 2015, and can be further renewed in 2017 for an additional two years. Under the terms of the agreement, Gorutumu has agreed to grant the Group exclusive access to the project and rights to explore and mine the project (which includes any mining permits or licences granted in respect of the project). As consideration for the agreement, the Group has committed to making the following payments to Gorutumu:

- US\$25,000 upon signing of the agreement on 20 August 2016;
- US\$40,000 on the first anniversary of signing; and
- US\$75,000 on the second anniversary of signing.

The payments grant the Group exclusive access and exploration rights, including access to all existing data on the project. Once all three payments have been made, the Group will have acquired a 90% interest in the project transferred to its ownership. Until the Group completes all payments to exercise the option, Madina will remain wholly owned by Gorutumu. Under the agreement, the Group is responsible for all exploration costs up to and including the cost of producing a feasibility study, progression to which will be dependent on the success of early stage exploration work. If an economic resource is identified, the agreement anticipates that the Group and Gorutumu will form a new mining company in Mali (“MadinaCo”), conduct the appropriate environmental studies and apply to the government of Mali for a mining licence. On application for a mining licence by MadinaCo, the Group must make a further payment to Gorutumu of:

- US\$1 million if a resource (indicated or better) of less than 5 million ounces (“Moz”) of gold has been defined; or
- US\$2 million plus US\$2 for each ounce above 5 Moz of gold if a larger resource is defined.

Under the agreement, Gorutumu will have the option of subscribing for 5% of the shares in MadinaCo (and 5% of any future equity contributions into MiningCo) or receiving a 2% net smelter royalty on MadinaCo’s production (the “NSR”). The Group will hold 75% of the shares in MadinaCo, or 80% if Gorutumu chooses the NSR. The remaining 20% will be held by the government of Mali; this in turn is made up of 10% received in return for the mining licence on which no future capital contributions are required, and 10% that is subscribed for and on which future contributions will be required pro-rata to, and on the same terms as, other shareholders. The Group may return ownership of Madina to Gorutumu prior to application for a mining licence if it does not wish to proceed, with no consideration being paid by either party.

Acquisition of the Kolassokoro Lithium project

The Group has entered into an agreement with EMAS covering the Kolassokoro concession. EMAS is a Malian company with interests in mining concessions and related businesses in Mali. Kolassokoro is a mining concession owned by EMAS and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km². The Kolassokoro concession was granted on 29 July 2010, and had a first renewal granted on 27 March 2015, and can be further renewed in 2017 for an additional two years. Under the terms of the agreement, EMAS has agreed to grant the Group exclusive access to the project and rights to explore and mine the project (which includes any mining permits or licences granted in respect of the project). As consideration for the

agreement, the Group has committed to making the following cash payments to EMAS:

- US\$20,000 upon signing of the agreement on 31 August 2016;
- US\$30,000 on the first anniversary of signing. Upon this payment the Group will be entitled to a 51% ownership of the concession;
- US\$50,000 on the second anniversary of signing. Upon this payment the Group will be entitled to a 70% ownership of the concession; and
- US\$60,000 on the third anniversary of signing to acquire a 90% interest in the concession.

The payments grant the Group exclusive access and exploration rights, including access to all existing data on the project. These staged payments allow Kodal to explore the concession and gain beneficial interest as exploration advances. Once the payments have been made, the Group will have acquired a 90% interest in the project transferred to its ownership. The Group is entitled to terminate the agreement at any time except within 30 days of any of the payments or by not making a payment and will then relinquish any interest held in the project. Under the agreement, the Group is responsible for all exploration costs up to and including the cost of producing a feasibility study, progression to which will be dependent on the success of early stage exploration work. If an economic resource is identified, the agreement anticipates that the Group and EMAS will form a new mining company in Mali ("KolassokoroCo"), conduct the appropriate environmental studies and apply to the government of Mali for a mining licence. Additional cash payments to EMAS will be made on the commencement of mining:

- US\$300,000 payment on the commencement of a gold mining operation; and/or
- US\$50,000 payment on the commencement of mining for any other minerals.

Under the agreement, the Group and EMAS will subscribe for 80% of the shares in KolassokoroCo (and 90% of any future equity contributions into KolassokoroCo), with the Group holding at least 72%. The remaining 20% ownership (and 10% future equity contributions) will be held by the government of Mali; this in turn is made up of 10% received in return for the mining licence on which no future capital contributions are required, and 10% that is subscribed for and on which future contributions will be required pro-rata to, and on the same terms as, other shareholders. In addition, EMAS will have a 2% net smelter return royalty on KolassokoroCo's gold production from the concession.

5. ORDINARY SHARES

Allotted, issued and fully paid:

	Nominal Value	Number of Ordinary Shares	Share Capital £	Share Premium £
At 31 March 2015		778,194,606	243,186	4,562,017
May 2015 – note (a)	£0.0003125	222,222,222	69,445	306,551
May 2015 – note (b)	£0.0003125	22,867,135	7,146	35,158
June 2015 – note (c)	£0.0003125	26,570,886	8,303	33,679
At 30 September 2015 and at 31 March 2016		1,049,854,849	328,080	4,937,405
May 2016 – note (d)	£0.0003125	1,025,000,000	320,313	89,687
May 2016 – note (e)	£0.0003125	1,700,000,000	531,250	108,900
At 30 September 2016		3,774,854,849	1,179,643	5,135,992

Share issue costs have been allocated against the share premium account.

Notes:

- On 14 May 2015, 222,222,222 shares were issued at 0.18 pence per share in a placing. The associated share issue costs have been allocated against the share premium reserve.

- b) On 19 May 2015, a total of 22,867,135 shares were issued at a price of 0.185 pence per share to a drilling contractor as part payment under a drilling contract.
- c) On 23 June 2015, a total of 26,570,886 shares were issued at a price of 0.158 pence per share to a drilling contractor as part payment under a drilling contract.
- d) On 20 May 2016, a total of 1,025,000,000 shares were issued at a price of 0.04 pence per share in connection with the acquisition of IG Bermuda.
- e) On 20 May 2016, a total of 1,700,000,000 shares were issued at 0.04 pence per share in a placing. The associated share issue costs have been allocated against the share premium reserve.

6. EVENTS AFTER THE REPORTING PERIOD

Fundraising

On 3 October 2016, the Company announced a fundraising of £750,000, before expenses, by way of a subscription and placing of 750,000,000 ordinary shares at a price of 0.1p per share. The net proceeds of the placing and subscription will be used to launch an exploration programme at the Group's recently acquired Bougouni Lithium Project in Mali, in addition to funding working capital requirements.

In addition, the Company issued a total of 21,400,000 shares at a price of 0.1p per share to certain of its advisers and consultants in accordance with its contractual arrangements.

Kodal Project

In October 2016, the Group announced it had requested a temporary withdrawal from the planning process for its non-core Kodal phosphate and titanomagnetite project ("Kodal Project") in southern Norway so as to avoid expending further management time or incurring additional costs. The Kodal Project was fully impaired by the Group in its financial statements for the year ended 31 March 2015 in response to the dramatic fall in the price of iron ore. The Group was seeking to continue to progress the planning process but was not undertaking any further exploration or development work on the project. The Group has written to the relevant municipalities requesting a temporary withdrawal from the planning process on the basis that the Kodal Project is not currently economically viable and that this is unlikely to change in the short term. The Group understands that, subsequent to receipt of the withdrawal request, one of the municipalities proceeded to consider the planning application and voted against it. The Group has received no formal notification of this vote and has been advised that it is inconsequential. In any event, the licences remain valid until July 2023 and the Group has been advised that it can restart the planning process at any time if the economics of the project improve in the future.