

30 September 2021

GOLDSTONE RESOURCES LIMITED

(“GoldStone” or the “Company”)

Interim Results for the six months ended 30 June 2021

GoldStone Resources Limited (AIM: GRL), the AIM quoted gold exploration and development company focused on bringing the Homase Mine within its Akrokeri-Homase Gold Project (“AKHM”) in Ghana into production, announces its unaudited interim results for the six-month period ended 30 June 2021.

Overview

- Continued advancement of the Homase Mine in the highly prospective Ashanti Region of Ghana.
- Formal approval received in February 2021 from the Ghanaian Environmental Protection Authority and the Minerals Commission in respect of the Environmental Permit, Operating Permit and Water Permit, which permitted cyanide use enabling us to stack first ore on the Heap Leach Pad in May 2021.
- A total of US\$4.8 million proceeds received during the period from the exercise of Warrants from supportive existing shareholders.
- Net assets increased to US\$15.5 million (31 December 2020: US\$10.8 million).

Post Period

- 20,000,000 Warrants converted at 1.2 pence per Ordinary Share set against the loan provided to the Company by Paracale on 28 December 2018, reducing the balance of the Loan to US\$723,669.
- First batch of loaded carbon produced from the CIS plant for further processing.
- US\$409,000 raised from the exercise of 10,000,000 Warrants at 3 pence per Ordinary Share.
- Extension to the maturity date on the US\$3 million secured gold loan announced on 22 June 2020 to 31 August 2022, and agreed a repayment schedule.

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Chief Executive Officer’s Statement

The advancement to gold production from the Homase Mine within the Company’s Akrokeri-Homase Gold

Project (“AKHM”) in Ghana remains Goldstone’s priority, and significant progress was made in this regard during H1 2021.

The Company has been responsible for building and commissioning the heap leach and plant and, once our elution facility has been completed, will commence the smelting of the gold concentrate and delivery of gold doré bars.

With the award of the Environmental Permit by the Environmental Protection Agency in February 2021, shortly followed by the granting of our Operating and Water Permit, mining commenced at the first pit within the Homase Mine in April, following the pre-stripping and clearing.

The mechanical and electrical components, associated with the dry plant for the agglomerated ore, transport and stacking, were assembled and commissioned in March and April, including a screening plant, grasshopper conveyors and an extendable stacker, which was positioned on the Leach-pad for ore stacking.

The first two cells of the heap leach pad, with a combined area of 13,000m², were commissioned on 13 May 2021, and a total of seven cells will complete this initial Leach-pad with an area of approximately 73,000m². The first two cells enabled stacking at an initial rate of 100 tonnes per hour to commence, which is expected to ramp up to a target of 200 tonnes per hour (c.2,500 tonnes per day).

The first ore was stacked on the leach pad on 6 May 2021, and, to date, 87,300 tonnes of ore have been stockpiled, equating to around one month of mine production at full 3,000 tonne per day heap leach capacity.

The Company had a prolonged wait for approval from the Minerals Commission of Ghana to start irrigation and leaching of ore placed on the heap leach pad at the Homase Mine, which was awarded, post period end, on 12 July 2021. In August 2021, the Company successfully commissioned the Carbon in Solution (“CIS”) plant on-site, and despite some delays, and some initial commissioning issues with stacking and agglomeration, the Heap Leach Plant is now operating as planned. These issues unfortunately meant that the Company’s target production of 25,000 ounces of gold for the first eight months of production has been delayed.

As at 17 September 2021, the Company had mined 133,000 tonnes of ore and 385,700 tonnes of waste from the first four benches of the Krodua Pit within the Homase Mine. All indications are that the grade and tonnes mined to date are within expectations and at a total cash cost, pre-tax, of under US\$600 per ounce. These figures have been derived by the Company and the Board believes the cash cost lies within the lower quartile of industry cost standards.

As noted above, 87,300 tonnes of ore have been stacked on the Heap Leach pads and, whilst this is behind our initial forecast schedule, the Company is now stacking the balance of the stockpile at a consistent 120 tonnes per hour. We have temporarily paused further mining whilst the existing stockpile is being depleted and expect to recommence shortly.

The Company is pleased with the initial permeability and dissolution of the leachate, and the CIS plant is operating well and producing loaded carbon at the expected recovery rates. The Company is continuing to make improvements to the CIS plant and investigating further ramping up the speed of stacking and the subsequent processing. The Company has now taken the first batch of loaded carbon out of the CIS plant for further processing, but unfortunately has not yet been able to elute the contained gold.

The Company had been seeking to elute the gold from the loaded carbon at a nearby rented facility, however approval from the Minerals Commission of Ghana for use of this facility has not yet been forthcoming. In light of this, the Company is now accelerating its plans to complete its own elution facility on site, which we are endeavouring to complete in the shortest possible timeframe.

The Company expects to increase the planned gold production from the Company's original guidance of 14,400 ounces, stated in the Definitive Economic Plan ("DEP") announced on 19 June 2019 to around 50,000 ounces of gold per annum within the first year of production, which would represent an increase of more than 300% from the original production schedule.

Whilst the Company is ramping up stacking and production, it has paused the update of the DEP, announced 13 May 2021. The Company expects to complete the update in early 2022.

Corporate Overview

During the period, the Company announced exercise of warrants by the issue of, in aggregate, 126 million new ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") (the "Warrant Exercise") for consideration of US\$4.8 million. Of this, 102 million warrants were exercised by Asian Investment Management Services Ltd ("AIMS") and Paracale Gold Limited ("Paracale"). In addition, Paracale exercised 20,352,377 warrants at a price of 1.2 pence per Ordinary Share, was set against the related US\$1,224,000 loan provided to the Company by Paracale on 28 December 2018, which accrues interest at a daily compound rate of 6% (the "Loan"). Accordingly, the amount due in respect of the Warrant Conversion Exercise being £244,229 (c.US\$344,362) was satisfied by reducing the total amount of principal and interest outstanding under the Loan to US\$1,036,558 on 1 June 2021.

In March 2021, as consideration for the Deferment of the Gold Loan, announced 14 March 2020, 2,000,000 new Ordinary Shares were issued to AIMS.

On 12 July 2021, the Company reached agreement for settlement of its twenty outstanding unsecured bonds of US\$50,000 each (the "Bonds") with the holders of the Bonds (the "Bondholders"). The offer was accepted by all Bondholders, who agreed to full and final settlement of the Bonds in exchange for the issue of, in aggregate, 12,000,000 Ordinary Shares (the "Bond Settlement Shares") (the "Bond Settlement Agreement").

Verbal agreement has been received from BCM Investments Limited ("BCM"), which will be allotted its 3,600,000 Bond Settlement Shares immediately following signature of a written Bond Settlement Agreement. A further announcement will be made in due course.

Losses for the six months to 30 June 2021 were approximately US\$0.5 million (30 June 2020: Loss of US\$0.3 million). The financial statements at the period end show the Group's balance sheet, with net assets standing at US\$15.5 million against net assets of US\$10.8 million as at 31 December 2020. The net assets increased as result of the funding secured during the period, with warrant exercises.

Having received funding from the Warrants Exercise of US\$4.8 million during the H1 2021, to fund the development of the Homase Mine and general working capital, the Company had cash and cash equivalents of approximately US\$1.5 million as at 30 June 2021 (30 June 2020: US\$0.5 million).

Post period end, on 17 July 2021, Paracale exercised 20 million warrants at a price of 1.2 pence per Ordinary Share, which was set against the related US\$1,224,000 Loan provided by Paracale. Accordingly, the balance of the Loan has now been reduced to US\$723,669. Interest shall accrue on this outstanding principal balance in accordance with the terms of the Loan Agreement.

In addition, the Company received further Warrant Exercise of 10 million Warrants at a price of 3 pence for consideration of US\$409,000.

On 20 September 2021, AIMS agreed to extend the maturity date on the US\$3 million secured gold loan announced on 22 June 2020 (the "**Gold Loan**") to 31 August 2022 (the "**Extension**"). The Extension

restructures the repayment obligations to enable the Company to ramp up production. The Company retains the right to repay the Gold Loan early without penalty.

Interest will continue to accrue at the default rate of 17% until January 2022, then will revert to the original interest rate of 14% until maturity. In conjunction with the Extension, the Company has agreed a repayment schedule for the Gold Loan and accrued and ongoing interest, as set out below:

Month	Gold Loan payments (in kilos of gold)
October 2021	5
November 2021	6
December 2021	8
January 2022	8
February 2022	8
March 2022	8
April 2022	8
May 2022	8
June 2022	8
July 2022	8
August 2022	7.4

In the event that any payment is not made when due in accordance with the agreed repayment schedule, this will be deemed an event of default. Any interest that is not paid when due will accrue interest at the default rate of 17% until payment.

Other

On 18 January 2021, the Company reached an agreement with a former director of the Company, for full and final settlement of damages awarded by the South African Labour Court in December 2018, pursuant to which 1,800,000 new Ordinary Shares were issued to the former director. This represented full and final settlement of the damages awarded to him by the South African Labour Court and the Company has been indemnified against any future claims by the former director.

Outlook

I look forward to keeping shareholders updated as we move towards production and would like to thank the team, my fellow Board members, and all our stakeholders in Ghana and internationally for their continued support.

Emma Priestley

Chief Executive Officer

Consolidated statement of financial position as at 30 June 2021

<i>in united states dollars</i>	notes	30 June 2021 unaudited	30 June 2020 unaudited	31 December 2020 audited
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Assets

property, plant and equipment	7	20,926,500	407,198	491,208
intangible assets – exploration and evaluation	6	-	9,927,752	14,339,772
total non-current assets		20,926,500	10,334,950	14,830,980

trade and other receivables		85,102	3,380,488	2,145,576
cash and cash equivalents		1,537,600	505,462	701,384
total current assets		1,622,702	3,885,950	2,846,960

total assets		22,549,202	14,220,900	17,677,940
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Equity

share capital – ordinary shares		5,742,974	3,484,580	3,913,963
share capital – deferred shares		6,077,013	6,077,013	6,077,013
share premium		31,400,794	27,222,084	28,080,853
foreign exchange reserve		6,684	(70,114)	(82,149)
capital contribution reserve		555,110	555,110	555,110
share options reserve		3,535,197	3,535,197	3,535,197
accumulated deficit		(31,783,539)	(30,916,914)	(31,234,911)
total equity		15,534,233	9,886,956	10,845,076

Liabilities

provision for rehabilitation	7	901,284	-	-
borrowings	8	-	2,368,992	1,300,000
non-current liabilities		901,284	2,368,992	1,300,000
trade and other payables		593,558	664,952	1,001,998
borrowings	8	5,520,127	1,300,000	4,530,866
current liabilities		6,113,685	1,964,952	5,532,864
total liabilities		7,014,969	4,333,944	6,832,864
total equity and liabilities		22,549,202	14,220,900	17,677,940

**Consolidated statement of comprehensive income
for the 6 months ended 30 June 2021**

<i>in united states dollars</i>	notes	6 months ended 30 June 2021 unaudited	6 months ended 30 June 2020 unaudited	year ended 31 December 2020 audited
continuing operations				
administrative expenses		(548,628)	(266,156)	(577,153)
operating loss		(548,628)	(266,156)	(577,153)
finance expense		-	(25,942)	(32,942)
net finance cost		-	(25,942)	(32,942)
loss before and after tax from continuing operations	5	(548,628)	(292,098)	(610,095)
<i>Items that may be reclassified subsequently to profit and loss:</i>				
foreign exchange translation movement		88,833	(18,053)	(30,088)
total comprehensive loss for the period		(459,795)	(310,151)	(640,183)
loss per share from operations				
basic and diluted earnings per share attributable to the equity holders of the company during the period (expressed in cent per share)	4	(0.002)	(0.001)	(0.002)

**Consolidated statement of changes in equity
for the 6 months ended 30 June 2021**

<i>in united states dollars</i>	share capital ordinary shares	share capital deferred shares	share premium	foreign exchange reserve	capital contribution reserve	share options reserve	accumulated deficit	total equity
balance as at 1 January 2020	3,484,580	6,077,013	27,222,084	(52,061)	555,110	229,688	(30,624,816)	6,891,598
total comprehensive loss for the period	-	-	-	-	-	-	(292,098)	(292,098)
translation movement	-	-	-	(18,053)	-	-	-	(18,053)
share warrants granted in period	-	-	-	-	-	3,305,509	-	3,305,509
balance as at 30 June 2020	3,484,580	6,077,013	27,222,084	(70,114)	555,110	3,535,197	(30,916,914)	9,886,956
total loss for the period	-	-	-	-	-	-	(317,997)	(317,997)
translation movement	-	-	-	(12,035)	-	-	-	(12,035)
share warrants exercised in period	405,084	-	810,168	-	-	-	-	1,215,252
share issue in period	24,299	-	48,601	-	-	-	-	72,900
balance as at 31 December 2020	3,913,963	6,077,013	28,080,853	(82,149)	555,110	3,535,197	(31,234,911)	10,845,076
total loss for the period	-	-	-	-	-	-	(548,628)	(548,628)
translation movement	-	-	-	88,833	-	-	-	88,833
share warrants exercised in period	1,776,839	-	3,037,133	-	-	-	-	4,813,972
share issue in period	52,172	-	282,808	-	-	-	-	334,980
balance as at 30 June 2021	5,742,974	6,077,013	31,400,794	6,684	555,110	3,535,197	(31,783,539)	15,534,233

**Consolidated statement of cash flow
for the 6 months ended 30 June 2021**

<i>in united states dollars</i>	6 months ended 30 June 2021 unaudited	6 months ended 30 June 2020 unaudited	year ended 31 December 2020 audited
cash flow from operating activities			
operating loss for the period/year	(548,628)	(266,156)	(577,153)
adjusted for:			
- depreciation	12,739	5,152	14,617
- foreign exchange differences	88,833	(18,053)	(30,088)
- provisions	-	-	25,737
changes in working capital:			
- trade and other receivables	-	(125,006)	-
- trade and other payables	(408,440)	215,914	329,937
net cash used in operating activities	(855,496)	(188,149)	(236,950)
cash flow from investing activities			
capitalisation of exploration costs	(746,640)	(1,458,481)	(4,185,534)
acquisition of property, plant and equipment	(2,066,238)	(388,036)	(481,511)
net cash used in investing activities	(2,812,878)	(1,846,517)	(4,667,045)
cash flow from financing activities			
proceeds from loan	-	1,150,000	3,000,000
repayment of loan	(344,362)	-	-
proceeds from bonds	-	1,300,000	1,300,000
redemption of bonds	(300,000)	-	-
proceeds from share issue	5,148,952	-	1,215,251
net cash received from financing activities	4,504,590	2,450,000	5,515,251
net decrease in cash and cash equivalents	836,216	415,334	611,256
cash and cash equivalents at beginning of the period/year	701,384	90,128	90,128
cash and cash equivalents at end of the period/year	1,537,600	505,462	701,384

Notes to the unaudited consolidated financial statement

1. General information

The financial statements present the consolidated results of the Company and its subsidiaries (the “Group”) for each of the periods ending 30 June 2021, 30 June 2020 and 31 December 2020.

As permitted, the Group has chosen not to adopt International Accounting Standard 34 ‘Interim Financial Reporting’ in preparing these interim financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The unaudited interim financial information set out above does not constitute statutory accounts. The information has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group’s 2020 audited financial statements. Statutory financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 27 June 2021 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified. The Directors approved these unaudited condensed interim financial statements on 29 September 2021.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year commencing 1 January 2021 that would be expected to have a material impact on the Group.

The financial information for the 6 months ended 30 June 2021 and the 6 months ended 30 June 2020 have not been audited.

The business is not subject to seasonal variations. No dividends have been paid in the period (2020: US\$ Nil).

2. Risks and uncertainties

The key risks that could affect the Group’s short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group’s 2020 Annual Report and Financial Statements, a copy of which is available on the Company’s website: www.goldstoneresources.com. The Group’s key financial risks are the availability of adequate funding and foreign exchange movements.

3. Critical accounting estimates and judgements

The preparation of the unaudited condensed consolidated interim 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 note 2(d) of the Group’s 2020 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

4. Earnings per share

<i>in united states dollars</i>	6 months ended 30 June 2021 unaudited	6 months ended 30 June 2020 unaudited	year ended 31 December 2020 audited
loss attributable to shareholders	(548,628)	(292,098)	(610,095)
weighted average number of ordinary shares	271,403,038	250,050,253	252,004,667
basic and diluted earnings per share	(0.002)	(0.001)	(0.002)

5. Operating segments

The Group has two reportable segments, exploration and corporate, which are the Group's strategic divisions. For each of the strategic divisions, the Group's CEO, deemed to be the Chief Operating Decision Maker ("CODM"), reviews internal management reports on at least a monthly basis. The Group's reportable segments are:

Exploration and Evaluation: the exploration operating segment is presented as an aggregation of the Homase and Akrokeri licences (Ghana). Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

Corporate: the corporate segment includes the holding company costs in respect of managing the Group. There are varying levels of integration between the corporate segment and the combined exploration activities, which include resources spent and accounted for as corporate expenses that relate to furthering the exploration activities of individual licences.

information about reportable segments for the year ended 31 December 2020

<i>in united states dollars</i>	exploration	corporate	total
reportable segment expenditure	-	(610,095)	(610,095)
reportable segment (loss)	-	(610,095)	(610,095)
reportable segment assets	14,359,654	3,318,286	17,677,940
reportable segment liabilities	(504,905)	(6,327,959)	(6,832,864)

information about reportable segments for the period ended 30 June 2020

<i>in united states dollars</i>	exploration	corporate	total
reportable segment expenditure	-	(292,098)	(292,098)
reportable segment (loss)	-	(292,098)	(292,098)
reportable segment assets	10,601,550	3,619,350	14,220,900
reportable segment liabilities	(36,130)	(4,297,814)	(4,333,944)

information about reportable segments for the period ended 30 June 2021

<i>in united states dollars</i>	exploration	corporate	total
reportable segment expenditure	-	(548,628)	(548,628)
reportable segment (loss)	-	(548,628)	(548,628)
reportable segment assets	20,986,537	1,562,665	22,549,202
reportable segment liabilities	(1,109,658)	(5,905,311)	(7,014,969)

6. Intangible assets – exploration and evaluation

The Group's intangible assets comprise wholly of exploration and evaluation assets in respect of the Homase-Akrokeri project in Ghana.

<i>in united states dollars</i>	Total
balance as at 31 December 2019	8,256,380
Additions	1,671,372
balance as at 30 June 2020	9,927,752
Additions	4,412,020
balance as at 31 December 2020	14,339,772
additions	746,640
transfer to assets under construction	(15,086,412)
balance as at 30 June 2021	-

Once commercially viable reserves are established and development is sanctioned, exploration and evaluation assets are transferred to assets under construction, see note 7.

7. Property, plant and equipment

<i>in united states dollars</i>	gold samples	plant and equipment and motor vehicles	assets under construction	total
Cost				
1 January 2020	4,570	282,141	-	286,711
additions	-	481,511	-	481,511
31 December 2020	4,570	763,652	-	768,222
transfers from intangibles	-	-	15,086,412	15,086,412
additions	-	255,285	4,205,050	4,460,335
increase in provision for rehabilitation	-	-	901,284	901,284
31 June 2021	4,570	1,018,937	20,192,746	21,216,253

<i>in united states dollars</i>	gold samples	plant and equipment and motor vehicles	assets under construction	total
Depreciation				
1 January 2020	-	262,397	-	262,397
charge for the year	-	14,617	-	14,617
31 December 2020	-	277,014	-	277,014
charge for the period	-	12,739	-	12,739
31 June 2021	-	289,753	-	289,753
Net Book Value				
31 December 2020	4,570	486,638	-	491,208
31 June 2021	4,570	729,184	20,192,746	20,926,500

8. Borrowings

<i>in united states dollars</i>	6 months ended 30 June 2021 unaudited	6 months ended 30 June 2020 unaudited	year ended 31 December 2020 audited
shareholder loan	-	1,306,507	-
gold loan	-	1,062,485	-
bonds	-	-	1,300,000
non-current borrowings	-	2,368,992	1,300,000
shareholder loan	1,041,282	-	1,346,642
gold loan	3,478,845	-	3,184,224
bonds	1,000,000	1,300,000	-
current borrowings	5,520,127	1,300,000	4,530,866
total borrowings	5,520,127	3,668,992	5,830,866

Shareholder loan

The Company entered into a loan agreement with Paracale Gold Limited (“Paracale”), the Company’s major shareholder, in December 2018, for a loan of up to US\$1.2 million.

The loan accrues interest at 6.0% per annum, compounded daily against the loan’s outstanding balance, until it is repaid. The loan will be repaid in full on or before 2 June 2022.

In consideration of entering into the loan agreement, Paracale, were issued with 40,352,377 warrants to subscribe for such number of ordinary shares of 1 penny each in the capital of the Company (“Ordinary Shares”) at an exercise price of 1.2p per share, at any time during the period through to 2 June 2022.

Gold Loan

The Company entered into a loan agreement with Asian Investment Management Services Limited (“AIMS”) in June 2020, for a gold loan of up to 2,000 troy ounces of gold at a price of US\$1,500 per troy ounce, equating to a value of US\$3.0 million before expenses.

On 20 September 2021, AIMS agreed to extend the maturity date on the US\$3 million secured gold loan announced on 22 June 2020 (the "**Gold Loan**") to 31 August 2022 (the "**Extension**"). The Extension restructures the repayment obligations to enable the Company to ramp up production. The Company retains the right to repay the Gold Loan early without penalty.

Interest will continue to accrue at the default rate of 17% until January 2022, then will revert to the original interest rate of 14% until maturity. In conjunction with the Extension, the Company has agreed a repayment schedule for the Gold Loan and accrued and ongoing interest, as set out below:

Month	Gold Loan payments (in kilos of gold)
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January 2022	8
February 2022	8
March 2022	8
April 2022	8
May 2022	8
June 2022	8
July 2022	8
August 2022	7.4

In the event that any payment is not made when due in accordance with the agreed repayment schedule, this will be deemed an event of default. Any interest that is not paid when due will accrue interest at the default rate of 17% until payment.

Bonds

The Company issued twenty six unsecured bond notes of US\$50,000 each to certain existing and new investors, raising, in aggregate, US\$1.3 million before expenses. Paracale Gold and BCM, the Company's major shareholders, each subscribed for six bonds with a value of, in aggregate, US\$0.3 million respectively. During the period, six of the bond notes were redeemed.

In consideration of entering into the Bonds, a total of 52,000,000 warrants were issued to subscribe for such number of Ordinary Shares at the Exercise Price, at any time during the period through to 22 June 2022.

9. Availability of interim report

The interim report is available on the Company's website www.goldstoneresources.com.