

GoldStone Resources Limited
Annual Report and Consolidated Financial Statements
for the year ended
31 December 2021

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general information

director details:

E Priestley

W Trew

A List

R Wilkins

O Fenn

chief executive officer

non-executive chairman

non-executive director

independent non-executive director

independent non-executive director

company secretary:

Financial Consultants (Jersey) Limited

2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ

registered office:

2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ

company number:

71490

auditor:

DSG Accountancy and Business Services Limited

Trading name: DSG Chartered Accountants

Castle Chambers, 43 Castle Street, Liverpool, L2 9TL

nominated adviser:

Strand Hanson Limited

26 Mount Row, London, W1K 3SQ

broker adviser:

SP Angel Corporate Finance LLP

35 Maddox Street, London, W1S 2PP

crest source adviser and UK transfer agent:

Computershare

Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES

CHAIRMAN'S REPORT

GoldStone Resources Limited (the "Company" or, together with its subsidiaries, the "Group") has been steadily pursuing its main unwavering ambition to become an emerging gold producer in Ghana. During 2021, the year under review, this goal was achieved. In November 2021 we announced the successful completion of our first gold pour at our Homase Mine in the Ashanti Gold Belt in Ghana, an event which saw us commence our transition from an explorer and developer to a commercial gold producer.

This is a landmark moment for any gold mining company, however given the unique challenges presented in the 18 months to the first gold pour, I believe this is a particularly notable achievement. For this I would like to thank our operational team, our shareholders and other stakeholders for their staunch support, and patient and resolute determination over recent years.

As our shareholders will be acutely aware, the work doesn't stop at first gold pour, but rather starts the ongoing process of optimising and re-engineering aspects of the operation in order to strive for maximum efficiency as production ramps up. In many ways 2021 was an exceptionally challenging but successful year for GoldStone. However, as we moved into 2022, we were presented with new challenges and, post period end, we updated the market with news regarding start-up agglomeration issues which impacted initial gold recoveries. With swift and decisive action by the GoldStone Board and management team, we were able to resolve these issues and increase gold recovery from the heap leach pads to over 60%. During this time our in-situ test work continued and all of the results from testing of stacked ore indicates that we will ultimately achieve an overall leach recovery of in excess of 82%. During this time, further testwork has indicated that modifying the circuit to include additional gravity for coarse gold recovery and re-crushing the oversize and the quartz particles will ensure the higher recovery is achieved. Additional construction work to modify the existing circuit has commenced and this is expected to be completed by Q3 2022.

The Group expects to have stacked some 450,000 tonnes of agglomerated ore by the end of the current financial year, which will be fed from the first two pits within the Homase Mine. With the improved dry plant and agglomeration modifications outlined in the announcement dated 25th March 2022, there has been an improvement in our production profile during H1 2022. However, our ability to deliver on our production target of 20,000oz of gold in 2022 has been impacted, inter alia, by diesel availability (which is impacting us and indeed Ghana as a whole), and an incident of theft (as reported in our announcement of 29 June 2022). The fuel issue is a changing and fast-moving situation, and we are working hard to secure a reliable source of fuel, however our current expectation for production in 2022 has been revised to 14,000 oz, rising to 20,000oz in 2023.

On 17 January 2022, the Group announced the export of the first commercial gold pour of 42.96 kg gold doré, which included the 14.46kg poured in November 2021. This produced 40.96 kg of gold bullion (1,307 Troy Ounces) and 1.72 kg of silver bullion (55 Troy Ounces), and revenues of US\$2.4 million, of which US\$1.1 million was credited as payment of the Gold Loan. Since January, the Group has exported and received income from 46.44 kg of gold bullion (approximately 1,493 ounces), 1.7 kg of silver bullion (approximately 100 ounces), resulting in US\$2.84 million of revenue. The Group continues to produce and export gold monthly.

chairman's and chief executive officer's report

From a financial perspective, our position has improved significantly over recent months, and as noted above we reported, post period end, that Gold Loan repayments from first gold pour of US\$1.1m, via the delivery of 610 troy ounces to Asia Investment Management Services Limited was completed, resulting in the interest rate on the Gold Loan being taken out of default. Once again, this development ensures that GoldStone is on an even footing and is now well placed to move forward from a position of strength and achieve its operational and commercial objectives through 2022 and in the coming years.

Looking ahead, our development plans extend further than our initial first two pits at Homase, and grade control drilling for the third pit is underway to determine the pit planning and expanding the mineable resource inventory at Homase. Additionally, the operational team has undertaken further geochemical soil sampling programmes within the Homase and Akrokeri Licence areas to seek parallel zones of mineralisation, following the programme carried out in 2018. This programme, and subsequent work, has continued to highlight the importance of our Akrokeri Licence, which includes the former Akrokeri Underground Mine, in the context of our asset portfolio, and the Group has commenced a drilling and trenching programme in this area to move this forward towards a mine plan.

With our production profile consistently improving at Homase, and plans in place for expansion and optimisation plans extending across Homase and Akrokeri, we believe GoldStone is in a very strong position to look to deliver real returns to shareholders. I look forward to providing further updates as our growth strategy advances and our position as an emerging West African gold producer is firmly established.



Bill Trew

Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

GoldStone has performed well over the past two years, with a proven gold mining operation now producing gold and significant further upside from its expansion and development initiatives. As many investors and industry veterans will attest, it is no easy feat for a company to get an asset from exploration, through development and into production – let alone doing this with the specific financial pressures of a pre-revenue growth company like GoldStone. Intensifying our particular list of challenges is its geographical location – GoldStone is the first junior to take an exploration company all the way to production in Ghana – a country which boasts several mining majors but that does not have a proven entry point for emerging producers such as us. With the consistent and tangible support of our investors and the tenacity and innovation of our operational team, we achieved this milestone in November 2021 with our first gold pour.

As shareholders will be aware, our route to gold production has taken various directions. However during the year under review, GoldStone completed construction for the initial stage of the mine, which includes crushing, sizing, agglomeration and stacking unit, three heap leach pads, a carbon-in-column plant, and an elution and gold room, for a total investment of US\$15 million including overheads. This was a low capex route to cash flow for GoldStone in terms of benchmark industry standards, and importantly, it remains a capital efficient operation in the context of other emerging producers with an estimated cash cost of around US\$1,200 per oz expected for the remainder of 2022, with an all-in sustaining cost of US\$1,300 per ounce. This is the Group's current estimate, however as shareholders will understand, and as is evident across all industries on a global level, costs are liable to increase due to persistent supply chain bottlenecks and increased prices for major input materials such as fuel for the mining fleet and power generation costs which are seeing increases of over 25%. It is noted that Ghana's inflation rate has increased to its highest level in 18 years, with an inflation rate of 23.6% recorded in May 2022. The Group will continue to monitor the levels of cost inflation over the remainder of 2022, as we continue to target long-term cash flow and value our operation at industry costs per ounce of gold produced.

Looking back at our operations specifically, our transition into production has not been plain sailing and agglomeration issues at the end of the period resulted in much lower gold recovery than anticipated. The team subsequently carried out a programme of detailed test work and cost analysis to further understand the leach kinetics within the heap and therefore optimise the recovery of the remaining contained gold.

As part of this work programme, the agglomeration and crushing circuit was reconfigured to handle the excess clay encountered and the greater than expected amount of silt originating from the oxide orebody's phyllitic content. A modified screening system has been installed to control the feed sizing, with the fines (<3mm) being removed, which represents approximately 20% of the ore body, and fed initially to a gravity recovery circuit. The test work indicates that the gravity recovery circuit should recover between 14% and 24% of the contained gold, whilst reducing leaching costs and improving cashflow.

Concurrent with the preparation of Cell 3 of the heap leach to receive agglomerated ore, the Group is building an additional 1,000 tonne per day (tpd) crushing, agglomeration and stacking circuit, which will have double stacking capacity to 2,000 tpd and is now due to be commissioned during Q3 2022.

The current available mineable resource from the first pit within the Homase Mine was estimated by management to be 304,000 tonnes @ 1.7g/t of oxide ore (correction to the Press Release dated 25 March 2022, where it referred to two pits, when it should have been one). From the second pit it is

chairman's and chief executive officer's report

estimated by management that there is 640,000 tonnes @ 1.25g/t of oxide ore, which was derived from the update regarding the mineable resource announced 12 November 2020. The mineable resource is within the confines of the 602,000oz JORC (2012) resource previously announced.

The free dig mining of the first pit was halted at 40metres, due to a silica alteration in the orebody being encountered, which means that a drill and blast method of mining will have to be instigated to continue the mining at depth. This has meant that the high grade southern ore shoot that was being mined, was curtailed, which has resulted in the average grade mined to date, dropping to 1.5g/t. The grade is expected to improve with depth, as the higher grade southern plunging oreshoot within the first pit, becomes more prominent. The first pit deepening, which is subject to the geotechnical assessment, requires a pushback, which will make the remaining oxide resources available, which is situated outside the current 40 metre optimised pit shell, and should see the average pit grade increasing to 1.7g/t.

The tonnes mined to date from the first pit are 202,138 tonnes of ore and 619,218 tonnes of waste, which is less than the 210,000 tonnes of ore reported tonnes at 25 March 2022, due to the final pit reconciliation, from which the average pit density measurements revealed that the oxidised material characterized by sub- average density is wider than originally anticipated.

The Group has undertaken geotechnical drilling within the first two pits, which is currently being assessed, and subject to the results and subsequent permitting, this could possibly allow these pits to extend into the fresh ores down to -80 metres, for a further 585,700 tonnes @ 1.7g/t and 1,261,600 tonnes @ 1.1g/t of fresh ore as outlined in the announcement 12 November 2021.

The Group has undertaken grade control drilling for the third pit within the Homase Mine, to determine the pit planning and expanding the mineable resource inventory, the results are awaited from the ALS Certified Laboratory in Kumasi.

Turning now to our Akrokeri Licence, centred on the former Akrokeri Underground Mine, our operational team continued with the reassessment of the former mine workings and former artisanal mine workings, building the database with historical exploration work and consolidating historical geological reports that reference not just the Akrokeri Mine but also the several other historical exploration targets in the vicinity of the Akrokeri Mine. This work has merited a diamond drilling campaign for which the Company is waiting for the arrival of a rig. The results will provide a better guide to the structural setting of the Akrokeri mineralisation and provide a route through which to advance further exploration and through to production.

In June 2022, the Group was dealt a financial blow post-period end in June 2022, due to an armed robbery at site which resulted in the loss of gold, with a value of approximately US\$350k. Whilst this loss is not expected to have a fundamental impact on the performance of the business, the Group was not in a position to make an announcement which was compliant with the AIM Rules, which led to a suspension in the trading of its ordinary shares on the AIM market on 10 June 2022 whilst an investigation was launched by the authorities in Ghana. The suspension was lifted following the Company's 29 June 2022 announcement. The investigation into the robbery is ongoing and, concurrently, Goldstone is reviewing its security protocols. A new security company has been appointed and additional security measures are being implemented on an urgent basis to enhance protection for the Company's operations, assets and personnel moving forward. These issues are causing some short-term disruption to operations, which are expected to continue into Q3 2022, but the Company expects to maintain regular production of gold doré throughout Q3 and Q4 2022.

Corporate and Financial Review

Losses from operations for the 12 months to 31 December 2021 were US\$1,523k (2020: loss of US\$610k). This included a finance cost of US\$729k (2020: US\$nil) in respect of the restatement of the Gold Loan taken out in 2020 of US\$3.0 million to the gold price at the year end.

After an exchange loss on the restatement of the Group's Ghanaian assets as 31 December 2020, to the exchange rate as at 31 December 2021 of US\$1,250k (2020: US\$30k), the comprehensive loss for the year was US\$2,773k (2020: US\$640k).

The financial statements at year end show the Group's balance sheet, with net assets standing at US\$16.0 million against net assets of US\$10.85 million at the end of the previous year.

Cash and cash equivalents as at 31 December 2021 were US\$337k (2020: US\$701k).

With the revenue now being generated from our gold production and the further funds issued from the revenue of warrants in June 2022, the Board is confident that it remains well positioned to continue the ramp up of production at Homase.

The Group prepares regular management accounts and financial forecasts to monitor and manage working capital and funding requirements going forward. The accounts and forecasts are regularly reviewed and challenged by the Board.

Warrants

The Company announced on 23 June 2022, the exercise of 14,000,000 warrants to subscribe for new ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") at a price of 3 pence per Ordinary Share (the "Warrant Exercise"). The Warrant Exercise provides £420,000 of additional funding to the Company.

Nguvu Holdings Limited (formerly known as BCM Investments Limited) ("Nguvu") gave notice to the Company in late May 2022 of its intention to exercise 6,000,000 of the 12,000,000 warrants it held to subscribe for Ordinary Shares at a price of 3 pence per Ordinary Share (the "Nguvu Warrants"), but Nguvu was unable to provide a signed notice of exercise before the Company entered into a close period pending publication of the annual report and accounts of the Company for the year ended 31 December 2021. As Angela List, a director of the Company, is a director of and shareholder in Nguvu, the Nguvu Warrants, which had an expiry date of 22 June 2022, could not be exercised during this close period. Accordingly, the Board of the Company resolved to extend the exercise period of the Nguvu Warrants by two weeks, to expire at midnight on 6 July 2022 (the "Warrant Extension"). If the Nguvu Warrants are exercised, in whole or in part, during such extended period, a further announcement will be made. The remaining 6 million Warrants held by Nguvu expired at midnight on 22 June 2022.

Former director's claim

As previously announced, following the claim against Goldstone Resources Limited ("the Company") brought by a former director (initially announced on 13 October 2016), it was further announced in December 2018 that the South African Labour Court had ruled in favour of the former director and awarded him damages of US\$140k plus interest and legal costs. In January 2021, The Group agreed to issue 1,800,000 new Ordinary Shares of 1 pence each in the Company to the former director, which had a value of £163,800 (approximately US\$222,768) at the closing middle market price of the Company's Ordinary Shares on 15 January 2021, which, in addition to US\$22,500 already paid in cash,

chairman's and chief executive officer's report

represented a full and final settlement of the damages awarded to him by the South African courts. The Company has been indemnified against any future claims by the former director of the Company.

Risk management

The Board has identified the following as being principal strategic and operational risks (in no particular order):

a. going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information for the foreseeable future; in particular for the 12 months from the date of approval of these financial statements. This assessment included consideration of future revenues as the Group commences commercial gold production, existing cash resources and available facilities.

The Group had available cash of US\$336,524 as at 31 December 2021 (2020: US\$701,384).

The Group commenced commercial production in January 2022. This was later than previously anticipated due to permitting issues. As can be seen in note 15, warrants over 459,035,996 Ordinary Shares were exercised by shareholders during the year to generate funds for the Group and pay down borrowings. In addition, Asian Investment Management Services Limited ("AIMS"), who hold the secured Gold Loan of US\$3.0 million, supported the Group by agreeing to a number of deferrals of interest payments and, in September 2021, agreed to an extension of the facility to 31 August 2022 and a gold repayment plan (see note 18). As a result of the Group not commencing commercial production until early 2022 the first three repayments were not made until January 2022 (see note 18 for further details). This allowed the Group to exit the default interest rate of 17% on the Gold Loan, reverting back to 14%.

The Group is now generating revenues from commercial production. The financial models and projections prepared by the Board in order to monitor cash flow demonstrate that the Group is a viable going concern. However, if there are further delays or problems encountered with production, the ability to meet the repayment schedule of the Gold Loan would be at risk. The Board believes the flexibility and support afforded to the Group by AIMS to date demonstrates that, if required, this would be forthcoming. AIMS have confirmed their intention to continue to support the Group by agreeing to further extensions of the payment plan, however the interest rate would revert back to the default rate of 17% from September 2022.

At the date of this report the Board is, therefore, confident of the ability of the Group and Company to continue mining and make the on-going operational improvements, as announced in March 2022. The Board is confident that with the continued support of the shareholders, the Group and Company can meet all its contractual obligations as they fall due for the foreseeable future and therefore, the Board believes it is appropriate to adopt the going concern assumption.

b. development and mining

Development and mining for natural resources is speculative and involves significant risk.

Planned production schedules may not be achieved as a result of unforeseen operational problems, machinery malfunctions or other disruptions. Operating costs and profits for commercial production therefore remain subject to variation, such as gold prices or not achieving the expected recovery rates.

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Inflation and supply chain issues, which are affectively the global economy, may also impact on recovery rates.

The Board are evaluating each stage of the development and mining of the Group's project, site by site, in order to mitigate as far as possible these risks inherent in production. Use of modern technology and electronic tools assist in reducing risk in this area. Good employee relations are also key in reducing the exposure to labour disputes. The Group is committed to following sound environmental guidelines and practice and is keenly aware of the issues surrounding each individual project.

c. country and political

GoldStone's projects are in Ghana. Emerging market economies could be subject to greater risks including legal, regulatory, economic and political risks and are potentially subject to rapid change.

The Board routinely monitors political and regulatory developments in Ghana. The Ghanaian Government continues to be supportive towards the mining sector, including the improved policing of small-scale mining operations, thus ensuring controlled management of neighbouring areas.

In addition, the Group actively engages in dialogue with relevant Government representatives in order to keep abreast of all key legal and regulatory developments applicable to areas of interest. GoldStone maintains internal processes to ensure that it is wholly compliant with all relevant regulations in order to maintain its licences.

It is noted that security risk is inherent with a business operating in an emerging economy such as Ghana, particularly for a producing gold mine. The Company is increasing its engagement with the government and its governing bodies to monitor the emerging country risk in order to ascertain any particular risks or trends that can be identified and mitigated to seek to ensure the security of our people and our business.

The Company has increased its focus on security and management plans and is continuously monitoring any security issues, threats and emerging potential issues through global and national advisory services, government security intelligence and local engagement, to establish an appropriate and effective security approach that is also aligned with the Voluntary Principles of Security and Human Rights.

d. social, safety and environmental

The Group's success depends upon its social, safety and environmental performance as failures may lead to delays or suspensions of its activities. The Group takes its responsibilities in these areas seriously and monitors its performance across these areas on a regular basis.

The Group experienced no fatalities for the 2021 financial year and no lost-time injuries, which contributes to the Group's commendable safety performance.

The Group has set out to create an environment of zero harm by creating a safe and healthy workplace and managing our activities in a way that eliminates accidents, minimises health and safety risks and promotes excellence in the performance of our operations.

As the Homase Mine ramps up production, the Group is strengthening its relationships with the communities living within the concession areas and close to the projects. The immediate focus for each of the villages within the licences, has been sanitation and drinking water, and improving the

chairman's and chief executive officer's report

school facilities, maintaining the buildings and providing school uniforms. The Group continues to build on the community relationships to assist the smallholder farmers and ensuring a "community first" approach when recruiting. These schemes benefit both the communities and the investors in which the Group will be operating.

e. coronavirus impact

The Coronavirus pandemic continued to have a significant impact on the operations of many businesses both in Ghana and globally during 2021. The Group strictly adhered to government requirements and health guidelines at the height of the pandemic and continues to follow enhanced health and wellbeing protocols to safeguard our employees, local communities and partners within our supply chain.



Emma Priestley

Chief Executive Officer

The directors present their report and consolidated financial statements (the “financial statements”) for GoldStone Resources Limited (“GoldStone” or the “Company”) and its subsidiaries (together “the Group”) for the year ended 31 December 2021.

incorporation

The Company was incorporated in Jersey as a private company under the Companies (Jersey) Law 1991 on 17 April 1998. The Company was changed from a private company to a public company on 16 March 2004. The Company was successfully admitted to trading on the AIM market of the London Stock Exchange on 25 March 2004. As of 31 December 2021, the Company has an issued share capital of 459,033,996 ordinary shares of 1 pence each (December 2020: 281,785,967 ordinary shares).

principal activity and review of business

The Company’s principal activity is that of a holding company. The Group’s principal activity is development and exploration of gold and associated elements at the Group’s Homase Mine which sits within Akrokeri-Homase Gold Project (“AKHM”) in Ghana. Mining started at the mine in 2021, and commercial production commenced in 2022. The directors are working with the management in seeking to optimise production at the Homase Mine and to continue to explore the prospects within the AKHM, which includes the former underground Akrokerri Ashanti Mine, which produced 75,000 oz gold at 24 g/t recovered grade in the early 1900s. A review of the Group’s performance and indications of likely future development is included in the chief executive officer’s report.

going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information for the foreseeable future; in particular for the 12 months from the date of approval of these financial statements. This assessment included consideration of future revenues as the Group commences commercial gold production, existing cash resources and available facilities.

The Group had available cash of US\$336,524 as at 31 December 2021 (2020: US\$701,384).

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The Group is now generating revenues from commercial production. The financial models and projections prepared by the Board in order to monitor cash flow demonstrate that the Group is a viable going concern. However, if there are further delays or problems encountered with production, the ability to meet the repayment schedule of the Gold Loan would be at risk. The Board believes the flexibility and support afforded to the Group by AIMS to date demonstrates that, if required, this would be forthcoming. AIMS have confirmed their intention to continue to support the Group by agreeing to further extensions of the payment plan, however the interest rate would revert back to the default rate of 17% from September 2022.

directors' report

At the date of this report the Board is, therefore, confident of the ability of the Group and Company to continue mining and make the on-going operational improvements, as announced in March 2022. The Board is confident that with the continued support of the shareholders, the Group and Company can meet all its contractual obligations as they fall due for the foreseeable future and therefore, the Board believes it is appropriate to adopt the going concern assumption.

results and dividends

The loss for the financial year is set out in the consolidated statement of comprehensive income on page 26. The directors do not recommend a dividend for the year ended 31 December 2021 (year ended 31 December 2020: US\$ nil).

events after the reporting period

See note 24 and the chairman's and chief executive officer's reports on pages 3-11.

directors

The directors of the Company, who served during the year and to the date of this report, are as set out on page 2.

The directors' shareholdings are as follows:

Director	Number of shares held directly as at 31 December 2021 and 31 May 2022	Percentage shareholdings as at 31 December 2021	Percentage shareholdings as at 31 May 2022
Emma Priestley	2,711,546	0.59%	0.59%
Bill Trew**	4,000,000	0.87%	0.87%
Angela List***	-	-	-
Total	6,711,546	1.46%	1.46%

** Mr Trew is a director and shareholder of Paracale Gold Limited, which held 115,853,754 ordinary shares in GoldStone as at 31 December 2021, representing 25.24%. Together with his direct interest Bill Trew and Paracale Gold Limited shareholdings' represented 26.11% as at December 2021 and 31 May 2022.

*** Mrs List is a director of Nguvu Holdings Limited (formerly BCM Investments Limited), which has an interest in 50,000,000 ordinary shares representing 10.89% of the Company's current issued share capital at 31 December 2021 and 31 May 2022.

No director held any share options at the year-end (2020: Nil).

major shareholdings

As at 31 May 2022, the Company had been notified of the following interests in the Company's ordinary share capital:

Name	Number of shares	% shareholding
Asian Investment Management Services Ltd	122,000,000	26.58%
Paracale Gold Limited	115,853,754	25.24%
Nguvu Holdings Limited -	50,000,000	10.89%

directors' report

(formerly BCM Investments Limited)		
Vidacos Nominees Limited	35,180,172	7.66%
Interactive Investor Services Nominees Limited	20,281,442	4.42%
Fiske Nominees Limited	16,764,300	3.65%

On 23 June 2022, Nguvu Holdings Limited (formerly known as BCM Investments Limited) (“Nguvu”) gave notice to the Company in late May 2022 of its intention to exercise 6,000,000 of the 12,000,000 warrants it held to subscribe for Ordinary Shares at a price of 3 pence per Ordinary Share (the “Nguvu Warrants”), but Nguvu was unable to provide a signed notice of exercise before the Company entered into a close period pending publication of the annual report and accounts of the Company for the year ended 31 December 2021. As Angela List, a director of the Company, is a director of and shareholder in Nguvu, the Nguvu Warrants, which had an expiry date of 22 June 2022, could not be exercised during this close period. Accordingly, the Board of the Company resolved to extend the exercise period of the Nguvu Warrants by two weeks, to expire at midnight on 6 July 2022 (the “Warrant Extension”). If the Nguvu Warrants are exercised, in whole or in part, during such extended period, a further announcement will be made. The remaining 6 million Warrants held by Nguvu expired at midnight on 22 June 2022.

corporate governance

The Board is committed to high standards of corporate governance and seeks to continually evaluate its policies, procedures and structures to ensure that they are fit for purpose.

In order to protect the interests of its shareholders and other stakeholders, the Board has adopted the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies.

The Board is assisted by an Audit and Compliance Committee and a Remuneration Committee. The Audit and Compliance Committee comprises Richard Wilkins, as Chair, and Orrie Fenn. The Remuneration Committee comprises Richard Wilkins, as Chair, Bill Trew, Orrie Fenn and Emma Priestley.

During the year, the Audit and Compliance Committee received and reviewed reports from the executive director and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditor’s formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors.

The Audit and Compliance Committee met once during the year, to review the annual accounts. The Committee reviewed with the independent auditor its judgements as to the acceptability of the Company’s accounting policies.

Since the year end, the Audit and Compliance Committee has met further with the auditor to consider the 2021 financial statements. In particular, the Committee discussed areas of judgement and the significant audit risks. The Audit and Compliance Committee also monitors the auditor firm’s independence from the Company’s management and has now been tasked with monitoring the Company’s compliance pertaining to its Jersey registration and filing obligations.

The Remuneration Committee met independently of the executive director once in the year.

The directors' report in respect of corporate governance compliance and issues arising, is set out in the separate Corporate Governance Report on pages 15-17.

financial instruments

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group has in place a risk management programme that seeks to contain, where appropriate, exposures in these financial risks in order to limit any negative impact on the Group's financial performance and financial position.

The Board maintains responsibility for monitoring financial risk and setting the policies that are implemented by the Group's finance function. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial instruments to manage these.

Details on the Group's exposure to foreign exchange risk, credit risk, liquidity risk and interest rate risk are shown in note 20 to the financial statements.

provision of information to auditor

The directors who held office at the date of this report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

auditor

DSG Chartered Accountants has expressed their willingness to continue in office.



Approved by the Board of directors
and signed on behalf of the Board
Emma Priestley
director
29 June 2022

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers medium and long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

It should be noted that three of the directors are shareholders (direct and indirectly) in the Company, and therefore, their own medium to long-term interests are directly linked to the medium and long-term value of the Company, and as such the interests of the directors are directly aligned with those of the shareholders.

The Quoted Company Alliance (“QCA”) Code sets out 10 corporate governance principles that should be applied by companies wishing to follow the QCA Code. These are listed below, with a short explanation of how the Company applies each of the principles together with an explanation of any divergence from these principles should there be any. Save as set out below, there are no exceptions to report for the current or previous financial years.

principle 1 – business model and strategy

The Group is focussed on operations in Ghana and, in particular, the Ashanti Gold Belt, which is recognised as a pro-mining, geopolitically stable jurisdiction. The Group’s principal activity is development and exploration of gold and associated elements at the Group’s Homase Mine which sits within Akrokeri-Homase Gold Project (“AKHM”) in Ghana. Mining started at the mine in 2021, and commercial production commenced in 2022. The directors are working with the management in seeking to optimise production at the Homase Mine and to continue to explore the prospects within the AKHM Project, thereby enabling sound management of the mine in a manner that is professional and efficient. The Group is assisted in its work by internationally recognised mineral consultants where appropriate.

principle 2 – understanding shareholder needs and expectations

As noted above, three of the directors are also shareholders and therefore their interests are aligned with the Company’s wider shareholder base. The Company strives to maintain a close relationship with its shareholders. The Company regularly updates its website, participates in podcasts and investor presentations, attends mining conferences and releases news flow and operational updates. Shareholders are also encouraged to attend the Annual General Meeting.

principle 3 – consider wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon efforts of the employees of the Group and its contractors, advisers, suppliers, regulators and other stakeholders, including the local communities where the projects are located. The Board of the Company and the senior management of its operating subsidiary make every effort to ensure that all stakeholders are communicated with effectively, that contractual terms are complied with, and that employees, in particular, are afforded a safe and enjoyable working environment and are remunerated appropriately. At the AKHM site, in Ghana, the Group engages with the local communities on a regular basis, via meetings with the local dignitaries and other officials, including project site visits and, at the State level, ongoing communication is maintained with the relevant regulatory authorities.

corporate governance report

principle 4 – risk management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Board is assisted in achieving this by the Company's Audit and Compliance Committee. After consultation with the Company's external auditors, an internal audit function is not considered necessary or practical due to the size of the Company. Close day-to-day control is exercised by the executive director and these are shared with the Board. This position will be reviewed on an annual basis by the Board in consultation with the Audit and Compliance Committee and the external auditors. The Group also takes out relevant insurance as appropriate.

principle 5 – a well-functioning board of directors

The Board consists of one executive director and four non-executive directors, two of which are independent non-executive directors. The directors comprise a combination of corporate, financial and technical experience.

The Board meets regularly by telephone conference call and in person once a year, where possible. The Company considers that, at this stage of its development, and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. This position will also be reviewed annually by the Board.

Richard Wilkins and Orrie Fenn are considered to be independent non-executive directors and Richard Wilkins chairs both the Audit and Compliance Committee and the Remuneration Committee. Bill Trew represents one of the Company's strategic shareholders, Paracale, and is therefore not considered to be an independent director. Angela List, a non-executive director of the Company, represents the second strategic shareholder Nguvu Holdings Limited (formerly BCM Investments Limited), and is accordingly also deemed not to be independent. The Board will review further appointments as the Group's scale and complexity grows.

The Company reports annually on the number of Board and Committee meetings that have been held and the attendance record of individual directors. During the year, 12 conference call, Board meetings were held, these were either attended in person or via video conference. The attendance of the directors was as follows:

number of Board meetings in 2021	number of Board meetings each director attended				
	E Priestley	B Trew	O Fenn	A List	R Wilkins
14	14	13	14	11	14

The commitment required from the non-executive directors is 4 days per calendar month, on average and Emma Priestley is full time.

principle 6 – appropriate skills and experience of the directors

The Board consists of five directors, including Bill Trew, a qualified mechanical engineer with significant experience in the mining industry, and Emma Priestley a qualified mineral surveyor and mining engineer. Angela List and Richard Wilkins are qualified accountants. Dr Orrie Fenn holds a doctorate in engineering.

principle 6 – appropriate skills and experience of the directors (continued)

The Company believes that the current balance of skills within the Board, as a whole, reflects a broad and appropriate range of commercial, technical and professional skills relevant to the mining sector and the successful development of the Company within that sector. Brief bios of each of the directors and officers are set out on the Company's website. In accordance with each professional discipline that the director holds, each complies with CPD (Continued Professional Development) for that profession.

principle 7 – evaluation of board performance

In accordance with the AIM Rules for Companies, GoldStone departs from the QCA Code in relation to this principle. As GoldStone's Board is small and extremely focussed on implementing the Group's strategy, the Board will closely monitor the need for formal performance evaluation, in light of Principle 7 of the QCA Code, as the Group develops.

principle 8 – corporate culture

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The Board considers this to be essential if medium and long-term value is to be delivered. The directors consider that, at present, the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to environmental and related issues and relevant to the ongoing successful development of the Group. The Group also participates in local community projects within the Ashanti region and seeks to be regarded as a good corporate citizen within its spheres of operation.

principle 9 – maintenance of governance structures and processes

The Board will review annually the effectiveness of its corporate governance structures and processes, which includes Jersey and UK regulatory obligations. The Board currently considers that the balance between executive and non-executive directors, including the independent directors, and the roles of the Audit and Compliance Committee and the Remuneration Committee are appropriate for the Company's size and stage of development. The members and responsibilities of each Committee are set out on the Company's website. The Company has also implemented a code for directors and employees dealings in shares which is appropriate for a company whose shares are traded on AIM and is in accordance with the requirements of the Market Abuse Regulations which came into effect in 2016.

Principle 10 – shareholder communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The directors will continue to meet with and receive calls from shareholders, large and small, institutional and private, as appropriate. The Company will continue to keep its website up to date, participate in podcasts and investor presentations, attend mining conferences, and to release news flow and operational updates as appropriate.



Signed on behalf of the Board of directors

Bill Trew

Chairman

29 June 2022

statement of directors' responsibilities

The directors are responsible for preparing the consolidated financial statements (the "financial statements") for GoldStone Resources Limited ("GoldStone" or the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021 in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, as required by the rules of AIM of the London Stock Exchange, the directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied, they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Jersey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Signed on behalf of the Board of directors



Emma Priestley

director

29 June 2022

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GOLDSTONE RESOURCES LIMITED

Opinion

We have audited the financial statements of GoldStone Resources Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 December 2021, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2b of the financial statements, which highlights that the ability of the Group and Company to continue to operate as a going concern is dependant on the ongoing financial support of shareholders. The Group is now producing revenues from production of gold and the Board believe that revenues from trading will be sufficient to support cash flow going forward. However, if this is not the case then additional funding may be required, and the continued financial support of the shareholders will be needed. The shareholders have confirmed their intention to continue to support the Group and Company if required. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included the review of financial forecasts and models, which had been sensitised for differing scenarios, and discussions with the Board.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of our report.

independent auditor's report

Our approach to the audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the Group structure and the accounting processes and controls in place.

The Group financial statements are a consolidation of two components; the Company and its main subsidiary GoldStone Akrokeri Limited ("GAL"). GAL was considered to be a significant component and a full scope audit of the financial information has been performed. For the Company, we performed audit procedures on specific accounts within that component that we considered had the potential for greatest impact on the financial statements, either because of the size of these accounts or their risk profile.

Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

We conducted the audit of all components, as set out above, of the business and no component auditors were used during the audit process. Local auditors are engaged for local financial statement filing purposes.

Key audit matters	<ul style="list-style-type: none"> • Carrying value and appropriate capitalisation of intangible assets.
Audit scope	<ul style="list-style-type: none"> • We have performed a full scope audit of GoldStone Akrokeri Limited, the component which holds the exploration and evaluation assets. • No component auditors or firms were involved in reporting for the purposes of the consolidated opinion.
Materiality	<ul style="list-style-type: none"> • Overall Group materiality of US\$470,000 (2020: US\$352,000) based on 2% of gross assets.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on; the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter - carrying value and appropriate capitalisation of intangible assets

The Group's carrying value of the mining assets as at 31 December 2021 was US\$20.4million, which comprises of exploration and evaluation costs on the Akrokeri-Homase Gold Project ("AKHM"). There is the risk that these assets have been incorrectly capitalised in accordance with IFRS 6 and that there are indicators of impairment as at 31 December 2021.

How our scope addressed this matter

We performed the following procedures to address the risk:

- Confirmed that the Group has title to the applicable licences;

independent auditor's report

- Reviewed and performed substantive testing of capitalised cost including consideration of appropriateness for capitalisation under IFRS 6;
- Assessed the AKHM project during the year and post year end to confirm progress; and
- Considered the requirements for an impairment review to be undertaken based in accordance with IFRS 6.

Key observations:

Based on our procedures, we consider that costs have been appropriately capitalised, and we concur with the directors' conclusion that there are no indicators of impairment.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statements line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality 2021	Group materiality 2020	Basis for materiality
US\$470,000	US\$352,000	2% of gross assets

Our calculation of materiality increased from the prior year, due to the increase in the Group's gross assets. We consider gross assets to be the most significant determinant of the Group's financial position and performance used by the shareholders, with the key financial balances being intangible exploration and evaluation assets and cash and cash equivalents. The going concern of the Group is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the Group.

Whilst Group materiality was set at US\$470,000, materiality for significant components was set at US\$300,000 and performance materiality was set at 50% of materiality. We applied the concept of materiality at both planning and performing the audit, and in evaluating the effect of misstatements.

We agreed with the Audit and Compliance Committee that we would report to the Committee all individual audit differences identified during our audit in excess of US\$20,000 (2020: US\$17,000).

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance or conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

independent auditor's report

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the Group and Company.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including financial reporting standards, the AIM Rules for Companies, company law, tax and pensions legislation, and distributable profits legislation.

independent auditor's report

- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements, including holding the relevant mining lease and the environmental and operational permits in Ghana required to exploit the land.

Audit procedures undertaken in response to the potential risk relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the Group and Company complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation claims; inspection of certificates of registration and licences; inspection of relevant legal correspondence; review of Board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries which may be indicative of fraud; and the performance of analytical review procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the Group and Company's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities><http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>[https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1)). This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jean Ellis, B.A., F.C.A, C.T.A. (Senior Statutory Auditor)
For and on behalf of DSG
29 June 2022

Castle Chambers
43 Castle Street
Liverpool, L2 9TL

consolidated statement of financial position

as at 31 December 2021

<i>in united states dollars</i>	note	31 December 2021	31 December 2020
Assets			
non-current assets			
property, plant and equipment	8	21,280,257	491,208
intangible assets – exploration and evaluation	9	-	14,339,772
total non-current assets		21,280,257	14,830,980
current assets			
inventory	12	1,959,083	-
trade and other receivables	11	257,013	2,145,576
cash and cash equivalents	13	336,524	701,384
total current assets		2,552,620	2,846,960
total assets		23,832,877	17,677,940
Equity			
share capital – ordinary shares	15	6,383,213	3,913,963
share capital – deferred shares	15	6,077,013	6,077,013
share premium	15	33,535,384	28,080,853
foreign exchange reserve	15	(1,332,396)	(82,149)
capital contribution reserve	15	555,110	555,110
share options reserve	15, 17	3,535,197	3,535,197
accumulated deficit	15	(32,758,006)	(31,234,911)
total equity		15,995,514	10,845,076
Liabilities			
non-current liabilities			
borrowings	18	-	1,300,000
provision for rehabilitation	14	901,284	-
total non-current liabilities		901,284	1,300,000
current liabilities			
trade and other payables	19	1,395,222	1,001,998
borrowings	18	5,540,857	4,530,866
total current liabilities		6,936,079	5,532,864
total liabilities		7,837,363	6,832,864
total equity and liabilities		23,832,877	17,677,940

consolidated statement of financial position

as at 31 December 2021

The accounting policies and notes on pages 29 to 54 form part of these consolidated financial statements. The consolidated financial statements were approved by the Board of directors on 29 June 2022.

Signed on behalf of the Board of directors.



Emma Priestley
chief executive officer

consolidated statement of comprehensive income

for the year ended 31 December 2021

<i>in united states dollars</i>	note	year ended 31 December 2021	year ended 31 December 2020
administrative expenses		(794,208)	(577,153)
operating loss	6	(794,208)	(577,153)
finance costs	7	(728,887)	(32,942)
loss before and after tax from continuing operations		(1,523,095)	(610,095)
<i>items that may be reclassified subsequently to profit and loss:</i>			
foreign exchange translation movement		(1,250,247)	(30,088)
total comprehensive loss for the year		(2,773,342)	(640,183)
<i>loss per share from operations</i>			
basic and diluted losses per share attributable to the equity holders of the company during the year (expressed in cents per share)	16	(0.004)	(0.002)

The accounting policies and notes on pages 29 to 54 form part of these consolidated financial statements.

consolidated statement of changes in equity

for the year ended 31 December 2021

	<i>in united states dollars</i>		share capital	share capital	share	foreign	capital	share	accumulated	
		note	ordinary	deferred	premium	exchange	contribution	options	deficit	total equity
			shares	shares		reserve	reserve	reserve		
balance as at 31 December 2019			3,484,580	6,077,013	27,222,084	(52,061)	555,110	229,688	(30,624,816)	6,891,598
Total loss for the year			-	-	-	-	-	-	(610,095)	(610,095)
translation movement			-	-	-	(30,088)	-	-	-	(30,088)
total comprehensive loss for the year			-	-	-	(30,088)	-	-	(610,095)	(640,183)
warrants granted in period		17	-	-	-	-	-	3,305,509	-	3,305,509
warrants exercised in period		17	405,084	-	810,168	-	-	-	-	1,215,252
share issue		15	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 year			-	-	-	-	-	-	(794,208)	(794,208)
translation movement			-	-	-	(1,250,247)	-	-	-	(1,250,247)
loan derivative movement			-	-	-	-	-	-	(728,887)	(728,887)
total comprehensive loss for the year			-	-	-	(1,250,247)	-	-	(1,523,095)	(2,773,342)
warrants granted in period		17	-	-	-	-	-	-	-	-
warrants exercised in period		17	2,191,715	-	3,367,140	-	-	-	-	5,558,855
share issue		15	277,535	-	2,087,391	-	-	-	-	2,364,926
Balance as at 31 December 2021			6,383,213	6,077,013	33,535,384	(1,332,396)	555,110	3,535,197	(32,758,006)	15,995,514

The accounting policies and notes on pages 29 to 54 form part of these consolidated financial statements.

consolidated statement of cash flows

for the year ended 31 December 2021

<i>in united states dollars</i>	note	year ended 31 December 2021	year ended 31 December 2020
cash flow from operating activities			
operating loss for the year		(794,208)	(577,153)
adjusted for:			
- depreciation	8	71,300	14,617
- foreign exchange differences		164,170	(30,088)
- provisions		-	25,737
- changes in working capital		(462,382)	329,937
net cash used in operating activities		(1,021,237)	(236,950)
cash flow from investing activities			
capitalisation of exploration costs	9	(746,640)	(4,185,534)
acquisition of property, plant and equipment	8	(4,872,653)	(481,511)
net cash used in investing activities		(5,619,293)	(4,667,045)
cash flow from financing activities			
proceeds from loan	18	-	3,000,000
(repayment)/proceeds from bond issue	18	(300,000)	1,300,000
proceeds from share issue	15	6,575,670	1,215,251
net cash generated from financing activities		6,275,670	5,515,251
net decrease in cash and cash equivalents		(364,860)	611,256
cash and cash equivalents at beginning of the year	13	701,384	90,128
cash and cash equivalents at end of the year	13	336,524	701,384

The accounting policies and notes on pages 29 to 54 form part of these consolidated financial statements.

notes to the consolidated financial statements

1. reporting entity

The consolidated financial statements for the year ended 31 December 2021 (the “financial statements”) comprise GoldStone Resources Limited (the “Company”) and its subsidiaries, set out in note 22, (together referred to as the “Group”).

The Company is quoted on the AIM market of the London Stock Exchange and is incorporated and domiciled in Jersey (Channel Islands). The address of its registered office is 2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ. The Company’s principal activity is that of a holding company. The Group’s principal activity is exploration and mining of gold and associated elements.

2. basis of preparation

(a) statement of compliance and basis of preparation

The Group’s annual report is for the year ended 31 December 2021 and includes the consolidated financial statements of the Group prepared in accordance with international accounting standards in accordance with UK-adopted IFRSs.

The Group financial statements have been prepared using accounting policies set out in note 3 which are consistent with all applicable IFRSs. For these purposes, IFRSs comprise the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the UK Endorsement Board.

The Group financial statements have been prepared under the historical cost convention except for the treatment of share based payments, certain debtors at fair value and derivatives. The Group financial statements are presented in United States Dollars (“\$”) and all values are rounded to the nearest thousand except where otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2(d).

(b) going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information for the foreseeable future; in particular for the 12 months from the date of approval of these financial statements. This assessment included consideration of future revenues as the Group commences commercial gold production, existing cash resources and available facilities.

The Group had available cash of US\$336,524 as at 31 December 2021 (2020: US\$701,384).

The Group commenced commercial production in January 2022. This was later than previously anticipated due to permitting issues. As can be seen in note 15, warrants over 459,035,996 Ordinary Shares were exercised by shareholders during the year to generate funds for the Group and pay down borrowings. In addition, Asian Investment Management Services Limited (“AIMS”), who hold the secured Gold Loan of US\$3.0 million, supported the Group by agreeing to a number of deferments of interest payments and, in September 2021, agreed to an extension of the facility to 31 August 2022 and a gold repayment plan (see note 18). As a result of the Group not commencing commercial production until early 2022 the first three repayments were not made until January 2022 (see note 18 for further details). This allowed the Group to exit the default interest rate of 17% on the Gold Loan, reverting back to 14%.

notes to the consolidated financial statements

2. basis of preparation (continued)

(b) going concern

The Group is now generating revenues from commercial production. The financial models and projections prepared by the Board in order to monitor cash flow demonstrate that the Group is a viable going concern. However, if there are further delays or problems encountered with production, the ability to meet the repayment schedule of the Gold Loan would be at risk. The Board believes the flexibility and support afforded to the Group by the shareholders and AIMS to date demonstrates that, if required, this would be forthcoming. AIMS have confirmed their intention to continue to support the Group by agreeing to further extensions of the payment plan, however the interest rate would revert back to the default rate of 17% from September 2022.

At the date of this report the Board is, therefore, confident of the ability of the Group and Company to continue mining and make the on-going operational improvements, as announced in March 2022. The Board is confident that with the continued support of the shareholders, the Group and Company can meet all its contractual obligations as they fall due for the foreseeable future and therefore, the Board believes it is appropriate to adopt the going concern assumption.

(c) functional and presentational currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (its functional currency). These consolidated financial statements are presented in United States Dollars, which is the functional and presentational currency of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the statement of comprehensive income for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising if any, are classified as other comprehensive income and are transferred to the Group's translation reserve.

When the settlement of monetary items receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in foreign operations and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

notes to the consolidated financial statements

2. basis of preparation (continued)

(d) use of estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods.

The following are the key estimates and judgements that have a significant risk of resulting in a material adjustment within the next year:

(i) valuation of exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely from future exploration. If information becomes available suggesting that recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of comprehensive income in the period when the new information becomes available.

(ii) impairment of intangible and tangible assets

The assessment of tangible and intangible assets for any internal and external indications of impairment involves judgement. Each reporting period, the Group assesses whether there are any indicators of impairment, if indicated then a formal estimate of the recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds recoverable amount. Recoverable amount is determined as the value in use. Determining whether the projects are impaired requires an estimation of the recoverable value of the individual areas to which value has been ascribed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the projects in order to calculate present value.

(iii) production start date

The Group assesses the stage of the mine under construction to determine when the mine moves into production stage. The criteria used to assess the start date are determined based on the complexities and operational status of the mine. The Group considers various criteria to assess when the mine is commercially operational and should be reclassified from Assets under construction to 'Producing Mines' or 'Property plant and equipment.' Some of the criteria will include, but not limited to the following:

- completion of a reasonable period of testing the mine plant and equipment;
- completion of the commissioning period;
- ability to produce metal in a saleable form;
- ability to sustain ongoing production of metal; and
- ability to be able to export product for commercial sale.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs cease and costs are either regarded as inventory or expenses except for costs that qualify for capitalisation relating to mining assets. This is also the point at which the depreciation/amortisation recognition criteria commences.

notes to the consolidated financial statements

2. basis of preparation (continued)

(d) use of estimates and judgements (continued)

(iiii) inventory

Net realisable tests are performed at least annually and represent the future sale price of the product based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measure by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data and estimated recovery percentage based on expected processing method.

(vi) ore reserves and resources

Ore reserves are estimates of the amount of ore that can economically and legally be extracted from the mine. The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified person relating to the geological data on the size, depth and share of the ore body and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchanges rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation asses, mine properties, property plant and equipment provision for rehabilitation and depreciation/amortisation charges.

(v) mine rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for the mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents managements base estimate of the present value of the rehabilitation provision.

(vi) valuation of share warrants

The fair value of share warrants is calculated using the Black-Scholes model. The model requires a number of inputs to calculate the fair value of the warrants. Volatility is based on the Group's trading performance and the risk-free rate is determined using a 3-year UK government bond. The directors have reviewed the underlying inputs and are happy that these appear reasonable.

notes to the consolidated financial statements

3. significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(b) financial instruments

(i) non-derivative financial assets

The Group recognises loans and receivables at fair value on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

notes to the consolidated financial statements

3. significant accounting policies (continued)

(b) financial instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial assets into the following categories: loans and receivables and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise bank balances only.

(ii) non-derivative financial liabilities

The Group recognises financial liabilities initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into trade and other payables.

(iii) share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary shares are recognised as a deduction from equity, net of tax effects.

(iv) deferred shares

Deferred shares are classified as equity and held in the capital contributions reserve account.

(c) share based payments

The Group has applied the requirements of IFRS 2 – ‘Share based payment.’ IFRS 2 has been applied to all grants of equity instruments.

The fair value of warrants and the employee share option scheme is calculated at the grant date using the Black-Scholes model. The resulting cost is charged to the statement of comprehensive Income over the vesting period or in line with the services provided in consideration for the issue.

(d) property, plant and equipment

Upon completion of mine construction, the assets initially charged to ‘Assets under construction’ are transferred to ‘Plant and equipment and motor vehicles’ or ‘Producing mines.’ Items of ‘Plant and equipment and motor vehicles’ and ‘Producing Mines’ are stated at cost, less accumulated depreciation and accumulated impairment losses.

During the production period expenditure directly attributable to the construction of each individual asset are capitalised as ‘Assets under construction’ up to the period when the asset is ready to be put into operation. When an asset is put into operation it is transferred to ‘Plant and equipment and motor vehicles’ or ‘Producing mines.’ Additional capital cost incurred subsequent to the date of commencement of operation of the asset are charged directly to ‘Plant and equipment motor vehicles’ or ‘Producing mines’, i.e. where the asset itself was transferred.

notes to the consolidated financial statements

3. significant accounting policies (continued)

(d) property, plant and equipment (continued)

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated lives, using the straight-line method, unless otherwise indicated, on the following bases:

Gold samples	no depreciation charged
Computer equipment	over three years
Office equipment	over four years
Field/geological equipment	over four years
Motor vehicles	over four years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in income.

(e) intangible assets – exploration and evaluation

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration and evaluation assets are carried forward during the exploration and evaluation stage and are assessed for impairment in accordance with indicators of impairment set out in IFRS 6 – ‘Exploration for and Evaluation of Mineral Resources.’

In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the period. No amortisation is charged prior to commencement of production.

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

When commercial production commences, exploration, evaluation and development costs previously capitalised are amortised.

Exploration and evaluation costs incurred after commercial production start date in relation to evaluation of potential mineral reserves and resources that are expected to result in increase of reserves are capitalised as evaluation and exploration assets within intangible assets. Once there is evidence that reserves are increased, such costs are tested for impairment and transferred to producing mines.

notes to the consolidated financial statements

3. significant accounting policies (continued)

(f) impairment of financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income.

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(g) provisions

(i) general

Provisions are recognised when (a) the Group has a present obligation (legal or constructive) as a result of a past event and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a risk free rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii) rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations require to restore the operating locations in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

The obligation generally arises when the asset is installed or the group or environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in the Group income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Group income statement.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the Group is required to consider whether this is an indication of impairment of the asset as whole and test for impairment in accordance with IAS 36.

notes to the consolidated financial statements

3. significant accounting policies (continued)

(h) related parties

For the purposes of the Group financial statements, the following parties are considered to be related:

- Where one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions
- Entities under common control; and
- Key management personnel

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not and transactions between related parties may not be effected on the same terms, condition and amounts as transaction between unrelated parties. It is the nature of transactions with related parties that they cannot be presume to be carried out on an arms length basis.

(i) taxation

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised or liability settled.

(j) inventories

Metal in circuit consists of in-circuit material at properties with milling or processing operations and dore awaiting refinement, all valued at the lower of average cost and net realisable value. In-process inventory costs consist of direct production costs (including mining, crushing and processing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Ore stockpiles consist of stockpiled ore, ore on surface and crushed ore, all valued at the lower of average cost and net realisable value. Ore stockpile costs consist of direct production costs (including mining, crushing and processing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Finished goods consist of dore bars that have been refined and assayed and are in the form that allows them to be sold. Finished goods valued at the lower of average cost and net realisable value. Finished goods cost consist of direct production costs (including mining, crushing and processing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

notes to the consolidated financial statements

3. significant accounting policies (continued)

(k) finance cost

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time the asset are considered substantially ready for intended use i.e commercial production. When funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred.

Any general borrowing costs are recognised in the profit and loss period in which they are incurred.

4. adoption of new and revised standards

(a) new and amended standards

The following standards and amendments were applicable for annual financial statements beginning on or after 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The above amendments had no impact on the consolidated financial statements of the Group.

(b) new standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective;

- IFRS 17: Insurance Contracts
- Amendments to IAS 1 : Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 3: Reference to Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: proceeds before intended use
- Amendments to IAS 37: Onerous contracts – costs of Fulfilling a Contract
- IFRS 1: First time adoption of International Financial Reporting Standards: subsidiary as a first time adopter
- IFRS 9: Financial Instruments: Fees in the “10 per cent” test for derecognition of financial liabilities
- IAS 41: Agriculture – Taxation in fair value measurement
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to assets and liabilities arising from a single transaction.

Where relevant, the Group evaluates the effect of new Standards, amendments to published Standards and Interpretations issued but not effective, on the presentation of the financial statements. The directors have assessed there to be no material impact on the financial statements.

notes to the consolidated financial statements

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 results are then subsequently shared with the Board. 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 2021

<i>in united states dollars</i>	exploration	corporate	total per consolidated income statement/financial position
reportable segment expenditure	(1,236,963)	(286,132)	(1,523,095)
reportable segment (loss)	(1,236,963)	(286,132)	(1,523,095)
reportable segment assets	23,558,117	274,760	23,832,877
reportable segment liabilities	2,066,460	5,770,903	7,837,363

information about reportable segments for the year ended 31 December 2020

<i>in united states dollars</i>	Exploration	corporate	total per consolidated income statement/financial position
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)

notes to the consolidated financial statements

6. expenses by nature

The operating loss is stated after charging:

<i>in united states dollars</i>	year ended 31 December 2021	year ended 31 December 2020
auditor's remuneration in respect of audit of the financial statements		
- current auditor	30,000	26,200
depreciation	71,300	14,617
foreign exchange difference	164,170	172,832

7. finance cost

<i>in united states dollars</i>	year ended 31 December 2021	year ended 31 December 2020
interest charged on borrowings	-	13,209
finance charges on borrowings	-	19,733
loan derivative	728,887	-
total	728,887	32,942

The Gold Loan (see note 18) is repayable in gold, at the choice of the lender. As the Group is now in production the Loan has been restated in the year to reflect the gold price as at 31 December 2021. The resulting loss of US\$728,887 is reported as a finance cost.

8. property, plant and equipment

<i>in united states dollars</i>	31 December 2021			31 December 2020		
	cost	accumulated depreciation	carrying value	cost	accumulated depreciation	carrying value
assets under the course of construction*	20,408,816	-	20,408,816	-	-	-
gold samples	4,570	-	4,570	4,570	-	4,570
computer equipment	74,468	(68,263)	6,205	73,368	(67,303)	6,065
office equipment	117,182	(110,115)	7,067	111,672	(108,567)	3,105
field/geological equipment	953,231	(125,529)	827,702	101,168	(62,953)	38,215
motor vehicles	70,304	(44,407)	25,897	477,444	(38,191)	439,253
total	21,628,571	(348,314)	21,280,257	768,222	(277,014)	491,208

* During the period, the Group's exploration and evaluation assets, which represent the mining assets in Ghana, were transferred from intangible assets to property, plant and equipment as the Group moved towards commencement of commercial production in 2022.

notes to the consolidated financial statements

8. property, plant and equipment (continued)

reconciliation of property, plant and equipment – 31 December 2021

<i>in united states dollars</i>	carrying value opening balance	additions	depreciation	transfer	carrying value ending balance
assets under the course of construction*	-	5,322,404	-	15,086,412	20,408,816
gold samples	4,570	-	-	-	4,570
computer equipment	6,065	1,100	(960)	-	6,205
office equipment	3,105	5,510	(1,548)	-	7,067
field/geological equipment	38,215	444,923	(12,558)	357,122	827,702
motor vehicles	439,253	-	(56,234)	(357,122)	25,897
total	491,208	5,773,937	(71,300)	15,086,412	21,280,257

* Includes a provision for rehabilitation costs of £901,284.

reconciliation of property, plant and equipment – 31 December 2020

<i>in united states dollars</i>	carrying value opening balance	additions	depreciation	carrying value ending balance
gold samples	4,570	-	-	4,570
computer equipment	3,187	5,672	(2,794)	6,065
office equipment	1,155	2,470	(520)	3,105
field/geological equipment	5,872	34,501	(2,158)	38,215
motor vehicles	9,530	438,868	(9,145)	439,253
total	24,314	481,511	(14,617)	491,208

9. intangible assets – exploration and evaluation

The Group's intangible assets comprise wholly of exploration and evaluation assets in respect of AKHM in Ghana.

<i>in united states dollars</i>	31 December
balance as at 31 December 2019	8,256,380
additions	6,083,392
balance as at 31 December 2020	14,339,772
additions	746,640
transfer to assets under construction (see note 8)	(15,086,412)
balance as at 31 December 2021	-

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

notes to the consolidated financial statements

10. taxation current and deferred tax

The Company is subject to Jersey income tax at the rate of 0%. The Group is also registered for income tax purposes with the South African Revenue Service. Due to the loss making position of the Group in all jurisdictions there is no tax charge and no deferred tax asset has been recognised in the current or prior periods due to the uncertainty and timing of future profits. As a result, no reconciliation has been prepared.

11. trade and other receivables

<i>in united states dollars</i>	31 December 2021	31 December 2020
other receivables	257,013	2,145,576
Total	257,013	2,145,576

Other receivables include US\$27,955 (2020: US\$1,852,791) in respect of the fair value of share warrants issued in the current and prior period.

12. Inventory

<i>in united states dollars</i>	31 December 2021	31 December 2020
gold in circuit	602,097	-
gold on hand	1,142,276	-
ore stockpile	214,710	-
Total	1,959,083	-

Inventory is recognised at the lower of cost or net realisable value.

13. cash and cash equivalents

The cash and cash equivalents balance at the year-end was made up of balances in the following currencies:

<i>in united states dollars</i>	31 December 2021	31 December 2020
sterling	78,372	620,961
US dollars	218,818	72,939
ghana cedis	39,334	7,484
Total	336,524	701,384

14. provision for rehabilitation

<i>in united states dollars</i>	31 December 2021	31 December 2020
1 January	-	-
additions	901,284	-
Total	901,284	-

notes to the consolidated financial statements

14. provision for rehabilitation (continued)

The Group has a liability for restoration, rehabilitation and environmental costs arising from its mining operations. Estimates of the cost of this work including reclamation costs, close down and pollution control are made on an ongoing basis, based on the estimated life of the mine. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate any environmental disturbances caused by mining operations.

15. capital and reserves

(a) share capital

	31 December 2021	31 December 2020
ordinary shares		
called up, allotted and fully paid		
459,033,996 ordinary shares of 1 pence each (2020: 281,785,967)	£4,590,340	£2,817,859
converted to united states dollars at date of issue	\$6,383,213	\$3,913,963
deferred shares		
called up, allotted and fully paid		
in issue at 1 January	£3,730,772	£3,730,772
in issue at 31 December – fully paid 414,530,304 (December 2020: 414,530,304) deferred 0.9 pence shares	£3,730,772	£3,730,772
converted to united states dollars at date of issue	\$6,077,013	\$6,077,013
Authorised		
1,000,000,000 (December 2020: 1,000,000,000) authorised ordinary 1 pence shares	£10,000,000	£10,000,000

notes to the consolidated financial statements

15. capital and reserves (continued)

During the year the Company issued the following 1 pence fully paid shares:

		Number of Shares	Nominal Value	Share premium
1 January 2021	Opening balance	281,785,967	\$3,913,963	\$28,080,853
21 January 2021	Shares at 9.1p share	1,800,000	£18,000	£145,800
	Converted to United States Dollars at date of issue	-	\$24,480	\$198,288
5 March 2021	Shares at 3p share	42,000,000	£420,000	£840,000
	Converted to United States Dollars at date of issue	-	\$583,532	\$1,196,198
8 June 2021	Shares at 1.2p share*	20,352,377	£203,524	£40,705
	Converted to United States Dollars at date of issue	-	\$286,969	\$57,395
	Shares at 3p share	66,000,000	£660,000	£1,320,000
	Converted to United States Dollars at date of issue	-	\$934,030	\$1,868,060
12 July 2021	Shares at 7p share	8,400,000	£84,000	£420,000
	Converted to United States Dollars at date of issue	-	\$116,717	\$583,585
29 July 2021	Shares at 1.2p share*	20,000,000	£200,000	£40,000
	Converted to United States Dollars at date of issue	-	\$277,638	\$55,528
17 September 2021	Shares at 3p share	4,000,000	£40,000	£80,000
	Converted to United States Dollars at date of issue	-	\$55,239	\$110,478
27 September 2021	Shares at 3p share	6,000,000	£60,000	£120,000
	Converted to United States Dollars at date of issue	-	\$82,000	\$164,000
11 November 2021	Shares at 11.5p share	8,695,652	£86,956	£913,044
	Converted to United States Dollars at date of issue	-	\$108,645	\$1,220,999
31 December 2021	Closing balance	459,033,996	\$6,383,213	\$33,535,384

*Proceeds of exercise used to pay down shareholder loan (note 18).

notes to the consolidated financial statements

15. capital and reserves (continued)

(b) ordinary shares

Each holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

(c) deferred shares

Each holder of deferred shares shall not be entitled to receive notice of, attend or vote at any meeting of the Company (other than a meeting of the holder of the deferred shares), shall not be entitled to any dividends or other distributions (whether on a winding up of the Company or otherwise). On a winding up of the Company, each deferred share shall confer upon its holder the right to receive an amount equal to the nominal amount paid up on such deferred share.

The Company has not concluded any share repurchases since its incorporation.

(d) dividends

No dividends were proposed or declared during the period under review (2020: Nil).

(e) description and purpose of reserves

(i) share capital

Share capital consists of amounts subscribed for share capital at nominal value.

(ii) share premium

Share premium consists of amounts subscribed for share capital in excess of nominal value.

(iii) foreign exchange reserve

Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.

(iv) capital contribution reserve

Capital contribution reserve consists of deferred shares classified as equity.

(v) share options reserve

Share options and warrants reserve consists of the fair value of options and warrants outstanding at the year end.

(vi) accumulated deficit

Accumulated deficit reserve represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

notes to the consolidated financial statements

16. earnings per share

The calculation of basic and diluted earnings per share at 31 December 2021 was based on the losses attributable to ordinary shareholders of US\$1,523,095 (2020: US\$610,095), and an average number of ordinary shares in issue of 353,369,120 (2020: 252,004,667).

<i>in united states dollars</i>	31 December 2021	31 December 2020
loss attributable to shareholders	(1,523,095)	(610,095)
weighted average number of ordinary shares	353,369,120	252,004,667
basic and diluted earnings per share	0.004	(0.002)

The Group has the following instruments which could potentially dilute basic earnings per share in the future:

<i>in number of shares</i>	31 December 2021	31 December 2020
Warrants	26,000,000	182,352,377

17. share based payment arrangements

At 31 December 2021, the Group has the following share-based payment arrangements.

(a) share option programmes (equity-settled)

The Group has adopted an Option Scheme in order to incentivise key management and staff. Pursuant to the option scheme, a duly authorised committee of the Board of the Company may, at its discretion, grant options to eligible employees, including directors, of the Company or any of its subsidiaries, to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the shares of the Company on the Stock Exchange on the date of grant of the particular option or (ii) the nominal value of the shares.

There were no market conditions within the terms of the grant of the options therefore the main vesting condition for all the options awarded was that the director or employee remained contracted to the Group at the date of exercise.

The conditions relating to the grants of the share option programmes are as follows:

The terms relating to the grants of the share option programmes are that on exercise date, the receiver of the options must still be employed by the Company, or in the case of the receiver being retrenched or retired, before three months thereafter, or in the case of the death of the receiver, before six months thereafter.

There were no such options granted during the year ended 31 December 2021 (2020: same).

(b) reconciliation of outstanding share options

There are no options outstanding at 31 December 2021 (2020: same).

notes to the consolidated financial statements

17. share based payment arrangements (continued)

(c) warrants

All Ordinary Shares issued (excluding deferred shares) pursuant to the exercise of warrants rank *pari passu* in all respects with the ordinary shares.

The fair value of the warrants issued was measured based on the Black-Scholes formula. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected return.

reconciliation of outstanding warrants

the number and weighted average exercise prices

	number of warrants 31 December 2021	weighted average exercise price 31 December 2021	number of warrants 31 December 2020	weighted average exercise price 31 December 2020
outstanding as at 1 January	182,352,377	2.6p	40,352,377	1.2p
granted during the year	-	-	172,000,000	3.0p
exercised during the year	(156,352,377)	2.5p	(30,000,000)	3.0p
outstanding at 31 December	26,000,000	3.0p	182,352,377	2.6p
exercisable at 31 December	26,000,000	3.0p	182,352,377	2.6p

The warrants outstanding at 31 December 2021 have a weighted exercise price of 3.0p (2020: 2.6p) and a weighted average life of 0.5 years (2020: 1.5 years).

(d) measurement of fair value

The inputs used in measuring the fair values of the warrants at grant date were as follows:

	warrants 19 March 2020	warrants 22 June 2020	warrants 27 December 2018
share price at grant	2.10p	4.20p	1.20p
warrant exercise price	3.00p	3.00p	1.20p
expected life of warrants from exercise date	2.3 years	2.0 years	3.4 years
expected volatility	63.74%	65.71%	51.6%
expected dividend yield	0.00%	0.00%	0.00%
risk free rate	0.27%	(0.05)%	0.74%
fair value per warrant	0.56p	1.96p	0.67p
US\$:GBP exchange rate used	1.27258	1.24785	1.2469

The risk free rate has been determined based on 3 year UK government bonds.

Total fair value recognised in the share options and warrants reserve in respect of warrants issued in the year was US\$ nil (2020: \$3,305,509).

notes to the consolidated financial statements

17. share based payment arrangements (continued)

(e) expense recognised in statement of comprehensive income

The fair value of the warrants issued on 27 December 2018 has been reflected within trade and other receivables and is being released and initially capitalised as part of the exploration asset, over the period of the loan facility; see note 11 and 18 for further details. The amount capitalised during the year was US\$67,100 (2020: US\$67,400).

The fair value of the warrants issued on 19 March 2020 has been reflected within trade and other receivables and is being released and initially capitalised as part of the exploration asset over the period of the bond facility, see note 11 and 18 for further details. The amount capitalised during the year was US\$75,130 (2020: US\$295,000).

The fair value of the warrants issued on 22 June 2020 has been reflected within trade and other receivables and is being released and initially capitalised as part of the exploration asset over the period of the gold loan facility, see note 11 and 18 for further details. The amount capitalised during the year was US\$1,682,615 (2020: US\$1,252,328).

18. borrowings

<i>in united states dollars</i>	31 December 2021	31 December 2020
shareholder loan	742,587	1,346,642
gold loan	3,769,500	3,184,224
loan derivative	728,770	-
bonds	300,000	-
current borrowing	5,540,857	4,530,866
bonds	-	1,300,000
non-current borrowing	-	1,300,000
Total	5,540,857	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\$1,224k.

In consideration of entering into the loan agreement, Paracale, were issued with 40,352,377 warrants to subscribe for such number of 1p ordinary shares at an exercise price of 1.2p per share, at any time during the period through to 2 June 2022.

In June 2021 Paracale exercised warrants totalling 32,352,377 new ordinary shares of which 20,352,377 at a price of 1.2 pence were set against the loan (US\$344,364). The balance of the warrants were exercised for cash. A further exercise in July 2021 for 20,000,000 ordinary shares of 1.2p (US\$333,166) was also used to reduce the loan.

At 31 December 2021, Paracale had exercised all its warrants.

notes to the consolidated financial statements

18. borrowings (continued)

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 to 31 August 2022. The extension restructures the repayment obligations as shown below. 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.

In January 2022, a payment of 19Kg of gold was made in order to repay the interest due for October, November and December 2021. It was further agreed with AIMS that in order to enable the Company to efficiently manage shipments, it shall not be deemed an event of default if the monthly payments set out in the Company’s announcement on 20 September 2021 are not made at the end of each month.

In consideration of entering into the loan agreement AIMS were issued with 120,000,000 warrants to subscribe for such number of Ordinary Shares at an exercise of 3.0 pence per share (the “Exercise Price”), at any time during the period through to 22 June 2022. This resulted in an increase in the share option reserve and other receivables of US\$2.9 million in the prior period. At 31 December 2021, AIMS had exercised all of their warrants.

Bonds

In March 2020 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 Nguvu Holdings

notes to the consolidated financial statements

18. borrowings (continued)

Limited (formerly BCM Investments Limited) the Company's major shareholders, each subscribed for six bonds with a value of, in aggregate, US\$0.3 million respectively. During the year, twenty of the bond notes were redeemed in cash or shares. In conclusion 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. At 31 December 2021, 26,000,000 warrants remain outstanding.

19. trade and other payables

<i>in united states dollars</i>	31 December 2021	31 December 2020
trade payables	882,045	570,391
other payables	302,739	242,289
accruals	210,439	189,318
Total	1,395,223	1,001,998

20. financial instruments

(a) financial risk management

The Group's principal financial instruments comprise of cash, receivables and payables including the various loans and bonds. Financial risk management of the Group is governed by policies and guidelines described in the Group's Financial Reporting Memorandum approved by the Board. Group policies and guidelines cover interest rate risk, foreign currency risk, credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and financial position.

(b) credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the consolidated statement of financial position date. The Group's exposure to significant concentration on credit risk on trade and other receivables is considered low.

(c) liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and by preserving cash resources through minimising the cash burn out rate achieved through cost reduction. The financial liabilities of the Group are mainly creditors which are payable on demand, hence it is the opinion of the Board that an analysis of liabilities by maturity dates is not appropriate.

(d) market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

notes to the consolidated financial statements

20. financial instruments (continued)

(d) market risk (continued)

(i) foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has cash assets denominated in Sterling, United States Dollars and Ghana Cedis and incurs liabilities for its working capital expenditure in one of these denominations. Payments are made in Sterling (GBP), United States Dollars (US\$) and Ghana Cedis (GHS), or Euro at the pre-agreed price and converted (if necessary) as soon as payment needs to occur. Currency conversions and provisions for expenditure are only made as soon as debts are due and payable. The Group is therefore exposed to currency risk in so far as its liabilities are incurred in South African Rand and Ghanaian Cedi and fluctuations occur due to changes in the GHS/US\$ exchange rates. The Group's policy is not to enter into any currency hedging transactions.

The directors consider currency risk to be manifested in the expenditure made on a day to day basis in Sterling, Ghanaian Cedi and US Dollars. The directors have undertaken a policy of holding cash raised in Sterling and US Dollars and to convert funds to Ghanaian Cedi as and when required.

The exchange rates converted to United States Dollars affecting the Group were as follows:

	average rate 2021	reporting date spot rate 2021	average rate 2020	reporting date spot rate 2020
Sterling to US dollars	1.376	1.353	1.284	1.380
Ghana Cedis to US dollars	0.157	0.162	0.176	0.170

A strengthening (weakening) of GBP or GHS against all other currencies at 31 December 2021 would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and liabilities and adjusts this translation at year end for a percentage change in foreign currency rate thus indicating the potential movement in equity.

<i>in united states dollars</i>	equity strengthening 2021	equity weakening 2021	equity strengthening 2020	equity weakening 2020
ghana cedis 10% (2020: 10%)	2,298,000	(2,298,000)	1,432,000	(1,432,000)
Total	2,298,000	(2,298,000)	1,432,000	(1,432,000)

The percentage change in foreign currency rate used to adjust the translation of outstanding foreign currency denominated financial assets and liabilities is in the opinion of the directors appropriate.

notes to the consolidated financial statements

20. financial instruments (continued)

(d) market risk (continued)

(ii) interest rate risk

The risks caused by changes in interest rates are minimal since the Group's only interest bearing financial asset pertains to cash. The Group has a loan arrangement with Paracale as detailed in note 18. The interest rate is fixed at 6% for the duration of the term of the loan. The Group also has a loan agreement with AIMS. The interest rate is fixed at 14% or 17%. The Group is therefore not subject to a significant amount of risk due to fluctuations in the prevailing levels of market interest rates and as such has not prepared a sensitivity analysis.

21. related parties

The key management personnel is considered to be only the directors. Details of their remuneration are disclosed below.

salaries and other short-term benefits – detail:

<i>in united states dollars</i>	31 December 2021	31 December 2020
Director's remuneration: executive – E Priestley	65,500	68,750
Director's remuneration (accrued): executive – E Priestley (*)	54,500	51,250
Director's remuneration: non-executive – R Wilkins	-	12,000
Director's remuneration (accrued): non-executive – R Wilkins (*)	12,000	-
Director's remuneration: non-executive – W Trew	-	5,000
Director's remuneration: (accrued): non-executive – W Trew (*)	24,000	7,000
Director's remuneration: non-executive – A List	-	12,000
Director's remuneration (accrued): non-executive – A List (*)	12,000	-
Director's remuneration: non-executive – O Fenn	-	1,500
Director's remuneration (accrued): non-executive – O Fenn (*)	12,000	10,500
total	180,000	168,000

(*) Represents the value of accrued fees for the period 31 December 2020 to 31 December 2021 for each director.

The total amount payable to the highest paid director in respect of emoluments was US\$120,000 (2020: US\$120,000). No directors exercised any share options during the year (2020: nil).

Bill Trew's remuneration is paid to Oxus Mining Limited, a company in which he is a director. Nothing was paid in the year and has all been accrued.

E Priestley's remuneration was paid to Santon Consultancy Services Limited, a company in which she is a director. R Wilkins's remuneration was paid to KSJ Investments Limited, a company in which he is a director.

During 2018, the Company entered into a loan agreement for an amount up to US\$1,224k with Paracale, the Company's major shareholder and a company in which Bill Trew, the Company's chairman, is interested. At year end the balance was US\$743k (2020: US\$1,346k), as at 31 December 2021 and included interest accrued to date of US\$19 (2020: US\$177k)- see note 18 for further details.

notes to the consolidated financial statements

21. related parties (continued)

On 16 March 2020 the Company entered into a bond agreement with Paracale and Nguvu Holdings Limited (formerly BCM Investments Limited), for 6, 14% bonds of US\$50K each. In addition 12,000,000 warrants over 1.0p Ordinary Shares of the Company were awarded to both parties at 3.0p each. Bill Trew is a director and shareholder of Paracale and A List is a director of Nguvu Holdings Limited (formerly BCM Investments Limited) see note 18 for further details.

During the year, MAED (UK) Limited (“MAED”) began undertaking the update of the Definitive Economic Plan (“DEP”) report which was originally prepared in 2019 by them. This was an agreed review under the original engagement between MAED and the Company. MAED is a related party, as it is wholly owned by the Company’s non-executive chairman Bill Trew. At the year end there is an amount owing to MAED of US\$266,109 (2020: US\$nil), for services provided during the financial year.

22. group entities

Details of the Group’s subsidiaries at the end of the reporting period are as follows:

	country of incorporation and operation	principal activity	ownership interest 2021	ownership interest 2020
GoldStone Akrokeri Limited	Ghana	Development and exploration of gold and associated elements	100%	100%
GoldStone Homase Limited	Ghana	Dormant	100%(*)	100%(*)
GoldStone Resources Limited Gabon S.A.R.L.	Gabon	Dormant	100%	100%

(*) Held indirectly via GoldStone Akrokeri Limited

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of the holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the directors’ opinion, the Company meets the definition of a holding company. As permitted by the law, the directors have elected not to prepare separate accounts.

23. ultimate controlling party

The directors believe that there is no ultimate controlling party of the Group.

24. subsequent events

On 4 January 2022, the Company announced that it had commenced commercial gold production and that repayments of Gold Loan instalments were to be made out of stock held and a further gold pour (see note 18). Shipment of this gold was announced on 17 January 2022.

The Board issued an operational and exploration update in March 2022.

On 10 June 2022 shares in the Company were temporarily suspended from trading on AIM pending an announcement in respect of the armed robbery at the mine which was made on 29 June 2022. The shares were readmitted for trading on 29 June 2022.

On 23 June 2022, the Company announced the exercise of 14,000,000 warrants to subscribe for new Ordinary Shares of 1 penny at a price of 3.0 pence per share. The exercise provided £420,000 of additional funding to the Company.