Goldstone Resources Limited

Report and Consolidated Financial Statements

for the year ended

28 February 2013

contents

general information

director details:

JH Wessels
H Schloemann
G McDowall (resigned 7 December 2012)
JG Best (appointed 8 October 2012)
W Geier
A McIlwain

level of assurance:

The consolidated financial statements have been audited.

preparer:

The consolidated financial statements is independently compiled.

published:

30 August 2013

auditor:

Deloitte LLP
PO Box 403
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey
JE4 8WA

registered office:

PO Box 560
11-15 Seaton Place
St Helier
Jersey
JE4 8XP

Market conditions were very challenging during the period under review, signified by a significant decrease in the price of gold and a general retreat from investing in gold and consequent increasing difficulty in raising funds. Despite this, the Company has managed to make significant progress at all of its projects and yielded encouraging drilling results at Sangola, Oyem and Ngoutou. In addition, the Company conducted virtual exploration by concluding a joint venture agreement with Randgold Resources Ltd ("Randgold") and a co-existence agreement with Ferrex plc ("Ferrex") to advance respectively the Sangola and Oyem projects.

ghana projects

The Homase/Akrokerri project is located in the heart of the Ashanti Gold Belt in Ghana within the prolific gold province of the Ghanaian Birimian rocks. The Homase/Akrokerri project consists of two licences: the Akrokerri Licence, which adjoins the north-eastern border of Anglo Gold Ashanti's Obuasi mine and the Homase Licence within which there is an open pit where Anglo Gold Ashanti mined approximately 40,000oz of gold in 2002/3.

GoldStone announced its maiden JORC-compliant gold resource estimate for Homase in April 2010 and for Akrokerri in June 2011, which combined to produce a resource of 405,600oz, all from historical drilling results. GoldStone commenced drilling in June 2011 and the resource has now increased to 602,000oz. Fifty one holes have been drilled at a total drilling cost of US$3.93 million to return 14,376 metres of core on both licences. From results received for 23 holes drilled on the Homase Licence, the Company announced a 24% (96,400oz) increase in the resource in August 2012. A further increase of 100,000oz was announced in November 2012. The total resource of 602,000oz represents a 48% increase on the maiden resource published in June 2011.

Results of current resource estimate, for which a cut-off grade of 0.5 g/t gold was applied, are summarised below:

mineral resource by category

category	tonnage Tonnes (million)	av. grade (Au g/t)	contained gold (Ounces)
Measured	1.61	2.24	116,000
Indicated	4.41	1.73	245,000
Measured & Indicated	6.01	1.87	361,000
Inferred	4.56	1.64	241,000
Total *	**10.6**	**1.77**	**602,000**

* Totals may not add up correctly due to rounding.

mineral resource by material

category	tonnage Tonnes (million)	av. grade (Au g/t)	contained gold (Ounces)
Oxide	2.39	1.29	100,000
Fresh Rock	8.18	1.91	502,000
Total *	**10.6**	**1.77**	**602,000**

* Totals may not add up correctly due to rounding.

The following tables summarise the resource for each of the Homase and Akrokerri Licences at a 0.5 g/t Au cut-off:

homase licence

material type	class	tonnage Tonnes (million)	grade (Au g/t)	contained gold (Ounces)
Oxide	Measured	0.37	1.43	17,000
	Indicated	0.89	1.11	32,000
	Inferred	0.25	1.09	9,000
Fresh Rock	Measured	1.23	2.49	98,000
	Indicated	2.13	2.19	149,000
	Inferred	1.95	1.62	101,000
Total* – Oxide	**All**	**1.52**	**1.19**	**58,000**
Total* – Fresh Rock	**All**	**5.30**	**2.05**	**349,000**
Total* – Oxide & Fresh	**All**	**6.83**	**1.86**	**407,000**

akrokerri licence

material type	class	tonnage Tonnes (million)	grade (Au g/t)	contained gold (Ounces)
Oxide	Measured	-	-	-
	Indicated	0.55	1.51	27,000
	Inferred	0.32	1.41	14,000
Fresh Rock	Measured	-	-	-
	Indicated	0.84	1.38	37,000
	Inferred	2.04	1.77	116,000
Total* – Oxide	**All**	**0.87**	**1.47**	**41,000**
Total* – Fresh Rock	**All**	**2.88**	**1.66**	**153,000**
Total* – Oxide & Fresh	**All**	**3.75**	**1.62**	**195,000**

* Totals may not add up correctly due to rounding

The resource update returned encouraging increases in both tonnage and grade. The total resource now stands at 10.6 million tonnes and the average grade increased from 1.42 g/t to 1.77 g/t.

GoldStone owns 65% of the Homase Licence and may attain an 85% interest upon successful completion of a feasibility study of any nature over the area. The Company increased its interest in the Akrokerri Licence to 100% by acquiring the residual interest from Volta Resources Inc. in September 2012. The Minerals Commission of Ghana has yet to grant the annual renewal in respect of the Homase and Akrokerri Licences. We are confident that these processes will be completed shortly.

At the Manso Amenfi project, over which GoldStone has a joint venture with Asasemu Mining Limited ("Asasemu"), previously identified gold anomalies, some of which trend parallel to nearby well known gold-bearing structures, have been evaluated by in-fill soil sampling. The continuity and a high tenor of gold-in-soil anomalies were confirmed. 130 of the 1,303 samples yielded gold concentrations between 0.1 g/t and 0.5 g/t and 13 samples between 0.5 g/t and 3.7 g/t.

The high-resolution airborne magnetic and radiometric survey conducted by XCalibur Airborne Geophysics in October 2012 has proven to be successful as it increased our general understanding of the geology of the permit and because it detected numerous structures coincident with the identified gold anomalies. The survey results will assist the Company's exploration team in re-interpreting the gold-in-soil anomalies and in the optimal siting of pits and trenches in order to identify targets for further exploration drilling. GoldStone currently owns 10% of the Manso Amenfi Licence and has the right to increase its interest to 85% in increments either by reaching certain benchmarks (achieving a Code compliant resource of any magnitude and a feasibility study) or after spending an additional US$2 million in exploration on the project.

The Manso Amenfi Licence is approximately 88 km² in extent and is situated in the Wasa Amenfi West District of the Western Region in Ghana, approximately 30 km from the town of Tarkwa and approximately 250 km west of the capital, Accra.

senegal (sangola licence)

The 471 km² Sangola Licence, which is wholly owned by GoldStone, lies in the south-eastern corner of Senegal in a prolific gold province where more than 30 million ounces of gold have been discovered in the past 10 years. The Sangola Licence area is bisected by a known gold bearing shear zone known as the Main Transcurrent Shear Zone ("MTZ"). This shear zone is host to the 3.4 Moz Massawa deposit of Randgold, which lies 30 km towards the north-east of the licence area.

Four major gold-in-soil anomalies, Baraboye, Tiabedji, Tiobo and Ibel, three of which are associated with underlying structures close to the MTZ, were identified and explored by the Company during the course of 2012. The Thiabedji anomaly was investigated by a 11,350m RAB ("Reverse Air Blast") drilling programme between May and July 2012 and yielded encouraging results with the recognition of a mineralised trend up to 70m wide and 2 km in extent. Geological interpretation suggests that the mineralisation is controlled by two secondary structures splaying off the regional MTZ and demonstrated a bedrock gold source to the six km long Thiabedji gold anomaly. Best results included 3m @ 11.8 g/t gold, 3m @ 4.9 g/t gold and 3m @ 2.4 g/t.

In April 2013 the Company announced the conclusion of a joint venture with Randgold Resources (Senegal) Ltd, a subsidiary of Randgold, for the exploration and potential development of a mine at Sangola. Under the agreement Randgold will fund all costs up to and including the completion of a pre-feasibility study indicating that the mining of at least 1Moz of gold is feasible. The joint venture is owned 51% by Randgold and 49% by GoldStone with GoldStone having the option to contribute towards a feasibility study or dilute to 35%. The committed work includes the execution of at least 10,000m of reverse circulation (or equivalent) drilling per annum up to the completion of a PFS which indicates that mining of at least 1Moz of gold is economically feasible.

If the PFS indicates that the mining of at least 1Moz of gold will not be economically and commercially feasible, the joint venture will cease to have effect. In addition, Randgold may terminate the joint venture at any time by giving GoldStone 90 days' notice.

During August 2013 the benefits of the joint venture with Randgold became evident when the Company received assay results of the first 2,435m from the 4,800m reverse circulation drilling programme completed by Randgold. The rapidly received results confirmed gold mineralisation at the Thiabedji anomaly in a 70m wide zone. Best gold intersects included 39m @ 0.67 g/t (including 2m @ 5.4 g/t), 27m @ 0.45 g/t and 2m @ 5.1 g/t (including 1m @ 9.9 g/t). Drilling over the Tiobo, Baraboye and Ibel target areas is to be commenced after the end of the rainy season which is expect to be during December 2013.

gabon projects (Oyem & Ngoutou)

The Oyem and Ngoutou Licences were granted to the Company in April 2011. The licence areas share four common and prospective characteristics. Firstly, both licences hold large contiguous and geologically compelling gold-in-soil anomalies, which were identified during a country-wide EU sponsored survey by the Gabonese Government. Secondly, the anomalies on both licences coincide with a contact zone, which is confirmed by geophysical data, that exists between amphibolite and gneissic rocks; thirdly, both licences contain significant artisanal gold workings in the streams that drain the gold-in-soil anomalies and lastly, both licences were drilled and yielded very encouraging results.

Drilling of approximately 1,000m of diamond core drilling in the central and most accessible part of the 15 km long Oyem gold-in-soil anomaly has been completed. High grade gold mineralisation in a 120m wide deformational zone was encountered along two drill lines 400m apart. Best results included 2m @ 5.3 g/t (including 1m @ 9.5 g/t) in the first drill line and 2.2m @ 4 5g/t (including 1m at 9.1 g/t) in the second drill line. Both high-grade intersects occur in a sheared amphibolite and amphibole-rich dioritic gneiss with related brittle-ductile deformation. Both drill lines also confirmed the existence of an approximately 120m wide deformational zone that controls the mineralisation and underlies the best part of the soil anomaly.

Early in 2013 the Company signed a co-existence agreement with Ferrex under which Ferrex is undertaking a work programme to explore for both iron and gold, providing GoldStone with valuable data on the area. In addition GoldStone is to receive a 1% royalty on any iron ore produced, as well as the partial reimbursement of certain past costs.

chief executive officer's report **(continued)**

In May 2013 the Company received the assay results for its initial diamond drilling campaign (535m) at Ngoutou. Three holes were drilled along two drill traverses which targeted a small portion of the central part of the 15km long gold-in-soil anomaly. Best results included 16m @ 1.3 g/t gold (including 2m @ 5.6 g/t) and 33.5m @ 0.4 g/t in hole 13NGDD001 and 32m @ 0.4 g/t in hole 13NGDD002.

placing and funding

In July 2013 the Company, through its broker, W H Ireland Limited, placed 35,947,700 new ordinary shares at 1p per share, raising £359,477. Unity Mining Limited, which holds 33.47% of the share capital, maintained its position.

Since 1 March 2013 in order to conserve cash resources, my colleague, Hendrik Schloemann and I together with other members of the operational management, have agreed to defer 50% of our remuneration. It is planned that this will remain the case until there is a significant change in the Company's financial position.

As a result of the financial constraints under which the Company has been operating, which have only been partially alleviated by the placing, the Directors have decided that GoldStone should seek to sell its interests in Homase/Akrokerri. The intention is that the sale proceeds should provide sufficient funds to significantly advance the remaining projects without further dilution of shareholders' interests. There have been discussions with a number of parties, some of which are ongoing, but there can be no guarantee at this stage that a satisfactory sale will be achieved.

changes to the board

Jonathan Best, who was appointed a Non-Executive Director on 8 October 2012, was appointed Chairman with effect from 7 December 2012. Gennen McDowall, formerly Chairman of the Company, stepped down from the Board at that time.

outlook

The focus of the Company in the coming months will be to continue its cash conservation measures implemented in March 2013 and to stretch the funds raised in the recent placing by doing essential exploration work at its permits, by monetising Homase/Akrokerri and by continuing to investigate sensible opportunities for virtual exploration at its projects where it does not have partnerships.

Jurie Wessels

Chief Executive Officer

directors' report

The directors submit their report and consolidated financial statements ("the financial statements") for the year ended to 28 February 2013.

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 AIM on 25 March 2004 with a placing of 22,400,000 ordinary 1p shares at 25p per share which raised £5.6 million, primarily from institutional investors. As of 28 February 2013, the *Company* has issued share capital of 319,856,738 shares (2012: 318,356,738 shares). The *Company* intends to use the cash raised to explore its current projects and investigate newly acquired projects.

principal activity and review of business

The *Company's* principal activity is exploration and mining of gold and associated elements. The Directors are currently active in pursuing the *Company's* exploration projects and prospects in West and Central Africa. A review of the *Company's* performance and indications of likely future development is included in the Chief Executive Officer's report on pages 3 to 7.

going concern

The directors have put measures in place to preserve cash resources and minimise the cash burn rate through cost reduction. Further cost savings have been achieved by concluding suitable agreements in terms of which exploration will occur at no cost to the Company. Funding will however be required through the issuance of shares to investors and/or by selling interests in certain projects. In particular, the directors have decided to sell the Company's interest in Homase/Akrokerri. There have been discussions with a number of parties, some of which are ongoing, but there can be no guarantee that a satisfactory sale will be achieved. The current economic climate may also adversely affect the Company's ability to procure funding to conduct meaningful exploration activities. The Company's potential inability to procure funding for meaningful future exploration activities, when required, may cast significant doubt about the Company's ability to continue as a going concern and this may create material uncertainties over future results and cash flows, as well as investment objectives.

The directors continue to pursue projects that have the potential to enhance shareholder value with minimum expenditure and that could possibly generate income in future periods. Based on the expected minimum exploration expenditure on projects, reduced operating costs and after making reasonable enquiries at the present time, the Directors, despite material uncertainty, consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

results and dividends

The loss for the financial year is set out in the consolidated statement of comprehensive income on page 14. The directors do not recommend a dividend for the year ended 28 February 2013 (2012: US$ nil).

directors

The directors of the *Company* who served during the year and at the period end are as set out on page 2.

corporate governance

The *Company's* share capital is listed on the Alternative Investment Market ("AIM") and as such the *Company* can, if it chooses, comply with the terms of the Code of Best Practice on Corporate Governance, although neither compliance nor a statement on the degree of compliance is a requirement of AIM.

auditor

Deloitte LLP has expressed their willingness to continue in office.

company secretary:

O Kruger Esq
PO Box 560
11-15 Seaton Place
Saint Helier
Jersey
JE48X

Approved by the Board of Directors
and signed on behalf of the Board

O Kruger

Secretary
29 August 2013

statement of directors' responsibility

The directors are responsible for preparing the consolidated financial statements ('the financial statements') in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the *Company* and of the loss of the *Company* for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the *Company's* financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the *Company's* ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the *Company* 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 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 *Company'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

O Kruger

Secretary
29 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDSTONE RESOURCES LIMITED

We have audited the group financial statements (the "financial statements") of Goldstone Resources Limited for the year ended 28 February 2013 which comprise, the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Change in Equity, the Consolidated Statement of Cash Flow and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 28 February 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2b to the financial statements concerning the company's ability to continue as a going concern. Management are undertaking steps to reduce both exploration and non-exploration expenditure in order to maintain adequate financial resources. This is required to be able to fund the group's ongoing operations and to preserve available cash and reduce the monthly cash burn rate while future funding is considered. These conditions, along with the other matters explained in note 2b to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Andrew Isham, BA, FCA
for and on behalf of Deloitte LLP
Chartered Accountants
Jersey
29 August 2013

consolidated statement of financial position

as at 28 February 2013

in united states dollars		28 February 2013	29 February 2012
assets			
property, plant and equipment	13	47,685	37,071
non-current assets		**47,685**	**37,071**
trade and other receivables	12	148,274	0
cash and cash equivalents	15	631,855	7,572,698
current assets		**780,129**	**7,572,698**
total assets		827,814	7,609,769
equity			
share capital	16	5,259,165	5,234,834
share premium		23,844,234	23,844,234
capital contribution reserve		555,110	555,110
share options reserve		605,808	605,808
accumulated deficit		(29,554,655)	(23,169,671)
total equity		**709,662**	**7,070,315**
liabilities			
trade and other payables	19	118,152	539,454
current and total liabilities		**118,152**	**539,454**
total equity and liabilities		827,814	7,609,769

The consolidated financial statements were approved by the Board of Directors on 29 August 2013.
Signed on behalf of the Board

JH Wessels

Director and Chief Executive Officer

The notes on page 17 to 38 form part of these consolidated financial statements.

consolidated statement of comprehensive income

for the year ended 28 February 2013

in united states dollars		year ended 28 February 2013	year ended 29 February 2012
continuing operations			
sundry income	8	34,249	0
exploration expenses		(5,151,628)	(4,173,439)
other expenses		(1,368,987)	(1,541,149)
results from operating activities		**(6,486,366)**	**(5,714,588)**
finance income	11	4,916	24,043
net finance cost		**4,916**	**24,043**
loss before tax		(6,481,450)	(5,690,545)
loss from continuing operations		**(6,481,450)**	**(5,690,545)**
other comprehensive income		0	0
total comprehensive loss for the year	10	(6,481,450)	(5,690,545)
loss per share			
basic loss per share	17	(0.020)	(0.018)
diluted loss per share	17	(0.020)	(0.018)

The notes on page 17 to 38 form part of these consolidated financial statements.

consolidated statement of change in equity

for the year ended 28 February 2013

in united states dollars	share capital	share premium	capital contribution reserve	share options reserve	accumulated deficit	total equity
balance as at 1 March 2011	**3,746,214**	**18,214,386**	**555,110**	**605,808**	**(17,690,149)**	**5,431,369**
issue of ordinary shares	1,488,620	5,629,848	0	0	0	**7,118,468**
credit to equity for equity-settled share-based payments	0	0	0	0	211,023	**211,023**
net loss for the year	0	0	0	0	(5,690,545)	**(5,690,545)**
balance as at 29 February 2012	**5,234,834**	**23,844,234**	**555,110**	**605,808**	**(23,169,671)**	**7,070,315**
issue of ordinary shares	24,331	0	0	0	0	**24,331**
credit to equity for equity-settled share-based payments	0	0	0	0	96,465	**96,465**
loss for the year	0	0	0	0	(6,481,450)	**(6,481,450)**
balance as at 28 February 2013	**5,259,165**	**23,844,234**	**555,110**	**605,808**	**(29,554,655)**	**709,662**

The notes on page 17 to 38 form part of these consolidated financial statements.

consolidated statement of cash flow

for the year ended 28 February 2013

in united states dollars	**year ended 28 February 2013**	**year ended 29 February 2012**
cash flow from operating activities		
loss for the year	(6,481,450)	(5,690,545)
adjusted for:		
- depreciation	19,603	13,450
- interest received	(4,916)	(24,043)
- issue of ordinary shares	24,331	0
- share options granted to directors and employees during the year	96,465	211,023
changes in:		
- trade and other receivables	(148,274)	0
- trade and other payables	(421,302)	371,777
net cash used in operating activities	**(6,915,543)**	**(5,118,338)**
cash flow from investing activities		
interest received	4,916	24,043
acquisition of property, plant and equipment	(30,216)	(11,870)
net cash used in / from investing activities	**(25,300)**	**12,173**
cash flow from financing activities		
proceeds from issue of ordinary share capital	0	7,118,468
net cash from financing activities	**0**	**7,118,468**
net (decrease) / increase in cash and cash equivalents	**(6,940,843)**	**2,012,303**
cash and cash equivalents at beginning of the year	7,572,698	5,560,395
cash and cash equivalents at end of the year	**631,855**	**7,572,698**

The notes on page 17 to 38 form part of these consolidated financial statements.

1. **reporting** entity

The consolidated financial statements ('the financial statements') for the year ended 28 February 2013 comprise Goldstone Resources Limited (the '*Company*') and its subsidiaries (together referred to as the '*Group*') and the *Group's* interest in associates and jointly controlled entities. The *Company* is a public limited company, which is listed on the London Stock Exchange's Alternative Investment Market ('AIM') which is an international market for smaller growing companies. The *Company* is incorporated and domiciled in Jersey (Channel Islands).

2. **basis** of preparation

(a) **statement** of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) **going** concern

The directors have put measures in place to preserve cash resources and minimise the cash burn rate through cost reduction. Further cost savings have been achieved by concluding suitable agreements in terms of which exploration will occur at no cost to the Company. Funding will however be required through the issuance of shares to investors and/or by selling interests in certain projects. In particular, the directors have decided to sell the Company's interest in Homase/Akrokerri. There have been discussions with a number of parties, some of which are ongoing, but there can be no guarantee that a satisfactory sale will be achieved. The current economic climate may also adversely affect the Company's ability to procure funding to conduct meaningful exploration activities. The Company's potential inability to procure funding for meaningful future exploration activities, when required, may cast significant doubt about the Company's ability to continue as a going concern and this may create material uncertainties over future results and cash flows, as well as investment objectives.

The directors continue to pursue projects that have the potential to enhance shareholder value with minimum expenditure and that could possibly generate income in future periods. Based on the expected minimum exploration expenditure on projects, reduced operating costs and after making reasonable enquiries at the present time, the Directors, despite material uncertainty, consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

(c) **basis** of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) **functional** and presentation currency

Items included in the financial statements of each of the *Group's* entities are measured using the currency of the primary economic environment in which the entity operates. These consolidated financial statements are presented in United Stated Dollars, which is the *Company's* presentation currency. Monetary assets and liabilities denominated in other currencies at the statement of financial position date are translated at the exchange rate ruling at that date. These translation differences are dealt with in the statement of comprehensive income. Transactions denominated in other currencies are translated into United States Dollars at the rates actually incurred when making the transaction.

2. **basis** of preparation **(continued)**

(d) **functional** and presentation currency **(continued)**

The results and financial position of all the *Group* entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at the monthly average exchange rate; and
- all resulting exchange differences are recognised in the statement of comprehensive income.

(e) **use** of estimates and judgements

In the application of the Group's accounting policies, which are described in note 1, 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.

Information about critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following note:

(i) accounting for capitalised costs

Described in note 3, during the initial stage of a project, full provision is made for the costs thereof by a charge against the profits for the year. Expenditure on a project after it has reached a stage at which there is a high degree of confidence in its viability is carried forward and transferred to tangible fixed assets if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are written off.

Information about key assumptions concerning the future, and other key sources of estimation uncertainties at the statement of financial position date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

(i) useful lives of property, plant and equipment

Described in note 3, the *Group* reviews the estimated useful lives of tangible fixed assets at the end of each reporting period. During the current year, the directors determined that the useful lives of these property, plant and equipment are still appropriate.

(ii) valuation of share options

As described in note 18, the fair value of options or warrants granted was calculated using the Black-Scholes Pricing Model which requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the directors of the Group, the existing model will not always necessarily provide a reliable single measure of the fair value of the cost of share options.

3. **significant** accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the *Group*.

(a) **basis** of consolidation

The consolidated financial statements incorporate the financial statements of the *Company* and entities controlled by the *Company* (subsidiaries).

Control is achieved where the *Company* has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

(i) subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the *Group* has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The *Group* also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the *Company* and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the *Group* controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the *Group* incurs and its share on the income that it earns from the joint operation.

(iii) transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the *Group's* interest in the investee. Unrealised losses are eliminated in the same was as unrealised gains, but only to the extent that there is no evidence of impairment. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. **significant** accounting policies **(continued)**

(b) **foreign** currency transactions

Transactions on foreign currencies are translated to the respective functional currencies of the *Group* entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit and loss.

(c) **financial** instruments

(i) non-derivative financial assets

The *Group* recognises loans and receivables 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.

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 cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the *Group* in the management of its short-term commitments.

3. significant accounting policies (continued)

(c) financial instruments (continued)

(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 the other financial liabilities category. Other financial liabilities comprise 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.

(d) property, plant and equipment

(i) recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the *Group*. Ongoing repairs and maintenance are expensed as incurred.

(iii) depreciation

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

office equipment	4 years
computer equipment	3 years
motor vehicles	4 years
field/geological equipment	4 years

Gold samples are stated at cost and are not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. significant accounting policies (continued)

(e) intangible assets - research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

(f) impairment

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 profit or loss.

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 if an asset exceeds its recoverable amount.

(g) short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(h) revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(i) operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(j) finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in statement of comprehensive income, using the effective interest method.

Borrowing costs are recognised in statement of comprehensive income using the effective interest method.

Foreign gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3. **significant** accounting policies **(continued)**

(k) **segment** reporting

Segment results that are reported to the *Group's* CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(l) **exploration** cost

Exploration costs that include joint venture costs are expensed until the commercial viability of a project has been proven.

(m) **other** income and expense

Other income and expenses are included in the financial statements on the accrual basis.

(n) **joint** ventures

A joint venture is a contractual arrangement whereby the *Group* and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the *Group's* share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the *Group's* share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

(o) **financial** liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost. The carrying value represented in the statement of financial position approximate their fair values due to the short-term nature of these financial liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

4. **new** standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 March 2013, and have not been applied in preparing these consolidated financial statements. At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

standard / interpretation	effective for annual periods beginning on or after
Annual Improvements 2009 to 2011 Cycle	1 January 2013
IAS 1 (amended) - Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 19 - Employee Benefits	1 January 2013
IAS 27 (revised) - Separate Financial Statements	1 January 2013
IAS 28 - Investments in Associates and Joint Ventures	1 January 2013
IAS 32 (amended) - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 1 (amended) - Government Loans	1 January 2013
IFRS 7 (amended) - Disclosure: Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 9 (revised) - Financial Instruments	1 January 2013
IFRS 10 - Consolidated Financial Statements	1 January 2013
IFRS 11 - Joint Arrangements	1 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 - Fair Value Measurement	1 January 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in other Entities: Transition Guidance	1 January 2013

The reported results and position of the *Group* will not change on adoption of these pronouncements as they do not result in any changes to the *Group's* existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The directors do not intend to adopt any of these pronouncements before their effective dates. The directors have considered other new and revised standards and believe that they are not relevant to the activities undertaken.

5. **new** standards and interpretations disclosed in the financial statements

The following new standards, amendments to standards and interpretations have been adopted by the *Group*:

(a) **IAS 12** (amended) - Deferred Tax: Recovery of Underlying Assets

As the *Group* does not have any deferred tax assets or liabilities, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

(b) **IFRS 7** - Disclosures – Transfer of Financial Assets

The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

6. **determination** of fair values

A number of the *Group's* accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) **property**, plant and equipment

The fair value of property, plant and equipment is based on the cost approaches using depreciated replacement cost. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. The *Group* reviews the estimated useful lives of tangible fixed assets at the end of each reporting period. During the current year, the directors determined that the useful lives of these property, plant and equipment are still appropriate.

(b) **trade** and other receivables

The fair values of trade and other receivables, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(c) **other** non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(d) **share**-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the historical volatility of the *Company's* share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

7. **operating** segments

The *Group* has two reportable segments, as described below, which are the *Group's* strategic divisions. For each of the strategic divisions, the *Group's* CEO reviews internal management reports on at least a monthly basis. The following summary describes the operation in each of the *Group's* reportable segments.

It is the opinion of the directors that the operating segments in the exploration strategic division complies with the criteria set to aggregate these segments, as the aggregation is consistent with the core principle of IFRS 8, the segments have similar economic characteristics and the segments are similar in nature of production, class of customer and distribution of products.

The exploration operating segment is therefore presented as an aggregation of the Homase and Akrokerri permits (Ghana), the Manso Amenfi permit (Ghana), Sangola permit (Senegal), Oyem permit (Gabon) and Ngoutou permit (Gabon).

Expenditure on exploration activities for each permit is used to measure agreed upon expenditure targets for each permit to ensure the permit clauses are met.

There are varying levels of integration between the corporate segment and the combined exploration activities, and includes resources spent and accounted for as corporate expenses that relates to furthering the exploration activities in individual permits.

information about reportable segments

in united states dollars	**exploration**	**corporate**	**total**
reportable segment expenditure	**(5,151,628)**	**(1,368,987)**	**(6,520,615)**
reportable segment loss	(5,128,471)	(1,352,979)	(6,481,450)
interest revenue	0	4,916	4,916
depreciation	(4,167)	(15,436)	(19,603)
reportable segment assets	**195,644**	**632,170**	**827,814**
reportable segment liabilities	**(77,957)**	**(40,195)**	**(118,152)**

7. operating segments (continued)

reconciliation of reportable segment revenues, profit or loss, assets and liabilities, and other material items

in united states dollars	**2013**
revenues	
total revenue for reportable segments	0
consolidated revenue	**0**
loss	
total loss for reportable segments	6,481,450
consolidated loss from continuing operations	**6,481,450**
assets	
total assets for reportable segments	827,814
consolidated total assets	**827,814**
liabilities	
total liabilities for reportable segments	118,153
consolidated total liabilities	**118,153**

reconciliation of reportable segment revenues, profit or loss, assets and liabilities, and other material items

in united states dollars	**reportable segment total**	**adjustments**	**consolidated totals**
other material items			
interest revenue	4,916	0	4,916
depreciation	(19,603)	0	(19,603)

Previous year segmental information is not provided for that year as the directors considered that the turnover and operating loss were incurred in one segment.

8. sundry income

During the year under review, the *Company* recouped certain corporate and exploration expenses incurred.

9. deposits

At yearend, payment made in advance in the amount of US$100,000 was held by a third party for drilling charges incurred, while payments made of US$4,439 and US$28 were held by third parties on leasing charges and office equipment rental respectively.

10. operating loss for the financial year

The operating loss is stated after charging:

in united states dollars	**2013**	**2012**
auditor's remuneration	18,523	21,319
depreciation	19,603	13,450
foreign exchange difference	11,012	(29,035)
directors' remuneration: executive	420,000	420,000
directors' remuneration: non-executive	43,236	31,720

11. finance income and finance costs

in united states dollars	**2013**	**2012**
interest received from financial institutions	4,916	24,043

12. trade and other receivables

in united states dollars	**2013**	**2012**
other receivables	33,678	0
payments made in advance (see note 9)	114,596	0
total	**148,274**	**0**

13. **property**, plant and equipment

in united states dollars	2013 cost	2013 accumulated depreciation	2013 carrying value	2012 cost	2012 accumulated depreciation	2012 carrying value
gold samples	4,570	0	4,570	4,570	0	4,570
computer equipment	51,792	(47,645)	4,147	49,284	(45,323)	3,961
office equipment	104,025	(83,098)	20,928	96,321	(71,750)	24,571
field/geological equipment	56,228	(56,228)	0	56,228	(56,228)	0
motor vehicles	27,058	(9,019)	18,040	7,058	(3,089)	3,969
total	**243,673**	**(195,990)**	**47,685**	**218,461**	**(176,390)**	**37,071**

reconciliation of property, plant and equipment - 2013

in united states dollars	carrying value balance	additions	depreciation	carrying value ending balance
gold samples	4,570	0	0	4,570
computer equipment	3,961	2,506	(2,322)	4,147
office equipment	24,571	7,702	(11,350)	20,928
field/geological equipment	0	0	0	0
motor vehicles	3,969	20,000	(5,931)	18,040
total	**37,071**	**30,208**	**(19,603)**	**47,685**

reconciliation of property, plant and equipment - 2012

in united states dollars	carrying value balance	additions	depreciation	carrying value ending balance
gold samples	4,570	0	0	4,570
computer equipment	4,915	1,264	(2,218)	3,961
office equipment	22,236	10,606	(8,270)	24,571
field/geological equipment	1,195	0	(1,195)	0
motor vehicles	5,735	0	(1,766)	3,969
total	**38,651**	**11,870**	**13,450**	**37,071**

14. **taxation**

The parent company is subject to Jersey income tax at the rate of 0%. The parent company is also registered for income tax purposes with the South African Revenue Service. Due to the loss making position of the *Group*, there is no tax charge in relation to South African taxation this year (2012: $ Nil).

15. cash and cash equivalents

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

in united states dollars	**2013**	**2012**
Sterling	464,673	5,725,770
US Dollars	86,134	1,763,193
South African Rand	40,434	83,735
Ghana Cedis	1	0
West African CFA Francs	40,613	0
total	631,855	7,572,698

16. capital and reserves

(a) share capital

	2013	**2012**
called up, allocated and fully paid		
in issue at 1 March	£3,183,567	£2,223,780
issued for cash	0	£959,787
issue other	£15,000	0
in issue at 28 February – fully paid 319,856,738 (2012: 318,356,738) ordinary 1 pence shares	£3,198,567	£3,183,567
converted to united states dollar at date of issue	$5,259,165	$5,234,834
authorised		
500,000,000 (2012: 500,000,000) authorised ordinary 1 pence shares	£5,000,000	£5,000,000

(b) ordinary shares

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

(c) issue of ordinary shares

During the year, the *Company* issued a total of 1,500,000 (2012: 95,978,767) new ordinary shares, all of which rank pari passu with the existing ordinary shares. The value received for the share issuance was US$24,331 (2012: US$7,118,468).

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

(d) dividends

No dividends were proposed or declared during the period under review.

17. **loss** per share

(a) **basic** loss per share

The calculation of basic loss per share at 28 February 2013 was based on the losses attributable to ordinary shareholders of US$ 6,481,450 (2012: US$ 5,690,545), and an average number of ordinary shares in issue of 319,856,738 (2012: 318,356,738).

in united states dollars	**2013**	**2012**
loss attributable to shareholders	(6,481,450)	(5,690,545)
weighted average number of ordinary shares	319,856,738	318,356,738
basic loss per share	**(0.020)**	**(0.018)**

(b) diluted loss per share

The calculation of diluted loss per share at 28 February 2013 was based on the losses attributable to ordinary shareholders of US$ 6,481,450 (2012: US$ 5,690,545), and an average number of ordinary shares in issue after adjustment for the effect of all dilutive potential ordinary shares of 319,856,738 (2012: 318,356,738).

in united states dollars	**2013**	**2012**
loss attributable to shareholders	(6,481,450)	(5,690,545)
weighted average number of ordinary shares	319,856,738	318,356,738
diluted loss per share	**(0.020)**	**(0.018)**

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

in number of shares	**2013**	**2012**
share options	17,850,000	18,650,000
warrants	10,901,389	21,802,778

18. **share** based payment arrangements

At 28 February 2013, the *Group* has the following share-based payment arrangements.

(a) **share** option programmes (equity-settled)

The *Group* 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 Directors 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 share of the *Company* on the Stock Exchange on the date of grant of the particular option or (ii) the nominal value of the shares.

18. **share** based payment arrangements **(continued)**

(a) **share** option programmes (equity-settled) **(continued)**

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 movement on share options and their weighted average exercise price are as follows for the reporting periods presented.

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

grant date/employee entitled	number of instruments	exercise price	vesting date
options granted to executive directors			
on 15 August 2008	3,000,000	1.5p	16 August 2009
on 27 June 2011	3,400,000	3.0p	22 February 2011
on 27 June 2011	3,400,000	5.0p	22 August 2011
on 31 March 2011	1,800,000	10.0p	31 March 2012
on 31 March 2011	1,800,000	12.0p	31 March 2013
on 31 March 2011	1,800,000	14.0p	31 March 2014
options granted to senior employees and other directors			
on 31 March 2011	650,000	9.0p	31 March 2012
on 27 September 2012	1,000,000	9.0p	1 May 2013
on 27 September 2012	1,000,000	9.0p	6 February 2013
	17,850,000		

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.

(b) **warrants**

In January 2010, the *Group* granted 1,898,607 warrants with an exercise price of 3.5p issued to Optiva Securities Limited. These warrants were exercised and converted to an equal number of shares in March 2011. The closing price of the Group's warrants on the date of grant issued in prior year was lower than the exercise price. Thus the fair value of the warrants is nil at the date of grant.

On 7 May 2010, the *Group* granted 10,901,389 warrants with an exercise price of 8.5p vesting from 6 November 2011 up to 6 November 2012 and a further 10,901,389 warrants with an exercise price of 11.5p vesting from 6 May 2012 up to 6 May 2013 to Unity Mining Ltd.

All shares issued pursuant to the exercise of warrants rank pari passu in all respects with the ordinary shares.

18. **share** based payment arrangements **(continued)**

(c) **measurement** of fair value

The fair value of the rights granted through the share option programme was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historical volatility of the *Company's* share price over the period commensurate with the expected return.

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

	share options 27 September 2012	**share options 31 March 2011**	**warrants 7 May 2010**	**warrants 7 May 2010**
share price at grant	3.57p	7.85p	5.13p	5.13p
option exercise price	9p	6.50p – 14.00p	11.5p	8.5p
expected life of options	5 years	3 years	3 years	2.5 years
expected volatility	61.20%	61.20%	70.70%	70.70%
expected dividend yield	0.00%	0.00%	0.00%	0.00%
risk free rate	1.03%	1.03%	5.30%	5.30%
fair value per share option	1.06p	1.97p - 3.69p	1.49p	1.64p
exchange rate used	1.6212	1.5975	1.6265	1.6265

Volatility has been based on the *Group's* trading performance to 28 February 2013. The risk free rate has been determined based on 5 year government bonds.

The closing price of the *Group's* shares on the date of grant for options issued prior to 2010 was substantially lower than the exercise price. Thus, the fair value of these options was negligible at the date of grant.

Total fair value as considered in share options and warrants reserve was US$ 605,808 (2012: US$605,808).

(d) **expense** recognised in profit and loss

A cost of US$ 96,465 (2012: US$ 211,023) for the options granted to directors and employees is included in the statement of comprehensive income.

No liabilities were recognised due to share-based payment transactions.

18. **share** based payment arrangements **(continued)**

(e) **reconciliation** of outstanding share options

the number and weighted average exercise prices

	number of options 2013	weighted average exercise price 2013	number of options 2012	weighted average exercise price 2012
outstanding as at 1 March	18,650,000	6.50p	11,300,00	3.67p
exercised during the year	0	0	0	0
expired during the year	(2,800,000)	0	0	0
granted during the year	2,000,000	9.00p	7,350,000	10.80p
outstanding at 28 February	**17,850,000**	**6.74p**	**18,650,000**	**6.50p**
exercisable at 28 February	**12,250,000**	**4.53p**	**11,300,000**	**3.67p**

On 27 September 2012 the Group granted the following share options:

- 1,000,000 share options at an exercise price of 9p granted to employees vesting on 6 February 2013
- 1,000,000 share options at an exercise price of 9p granted to employees vesting on 1 May 2013

The options outstanding at 28 February 2013 have an exercise price in the range of 1.5p to 14.0p (2012: 1.5p to 14.0p) and a weighted average life of 2.67 years.

19. **trade** and other payables

in united states dollars	**2013**	**2012**
trade payables	118,152	539,454

The *Group's* exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

20. **financial** instruments

(a) **financial** risk management

The *Group's* principal financial instruments comprise of cash and creditors. Financial risk management of the *Group* is governed by policies and guidelines described in the *Group's* Financial Reporting Memorandum approved by the board of directors. *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 *Group's* trade and other receivable consists of amounts refundable to the company for expenses incurred on behalf of a third party and payments in advance to suppliers. 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. The *Group's* approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the *Group's* reputation. The financial liabilities of the *Group* are mainly creditors which are payable on demand hence it is the opinion of the board of directors 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 of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(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, South African Rand, Ghana Cedis and West African CFA Francs and incurs liabilities for its working capital expenditure in one of these denominations. Payments are made in Sterling (GBP), United States Dollars (USD), South African Rand (ZAR), Ghana Cedis (GHS), West African CFA Francs (XAF), 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, Ghanaian Cedi and West African CFA Francs and fluctuations occur due to changes in the ZAR/GBP, ZAR/USD, GHS/USD and XAF/USD 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, South African Rand and US Dollars. The directors have undertaken a policy of holding cash raised in Sterling and US Dollars and to convert funds to South African Rand as and when required.

20. **financial** instruments **(continued)**

(d) **market** risk **(continued)**

(i) foreign currency risk (**continued**)

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

	average rate 2013	reporting date spot rate 2013	average rate 2012	reporting date spot rate 2012
Sterling for 1 US$	1.586	1.519	1.598	1.595
South African Rand for 1 US$	0.120	0.111	0.136	0.134
Ghana Cedis for 1 US$	0.526	0.519	0.637	0.588
West African CFA Francs for 1 US$	0.002	0.002	0.002	0.002

A strengthening (weakening) of GBP, ZAR, GHS or XAF against all other currencies at 28 February 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. The analysis is performed on the same basis for 2012, albeit that the reasonably possible foreign exchange rate might have been different, as indicated below.

in united states dollars	equity strengthening 2013	equity weakening 2013	equity strengthening 2012	equity weakening 2012
Sterling 13% (2012: 20%)	4,717	(4,717)	8,206	(8,206)
South African Rand 20% (2012: 20%)	10,237	(10,237)	17,074	(17,074)
Ghana Cedis 10% (2012: 20%)	0	0	0	0
West African CFA Francs 10% (2012: 20%)	0	0	0	0
total	**14,954**	**(14,954)**	**25,280**	**(25,280)**

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.

(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* is therefore not subject to 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. **capital** commitments

Operating lease payments represent rentals payable by the *Group* for certain of its office properties.

22. **joint** ventures

The *Group* has certain contractual obligations with respect to the Homase license and the Manso Amenfi license arising from joint venture agreements. In terms of the joint venture agreements all significant operating and financial policy decisions are made by the *Company* to the extent that the respective joint ventures, as a single purpose vehicle, has no significant independence to pursue its own commercial strategy. For this reason the contractual arrangements do not create an entity, partnership or body corporate. In addition, in terms of these agreements the *Company* has the right to terminate the agreements without bringing about further financial commitment or giving rise to any legal consequences.

The consolidated financial statements of the *Group* include its share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the *Group's* interest in the joint arrangement. These are further detailed below.

The *Group* entered into a contractual agreement with Cherry Hill Mining Company Ltd ("Cherry Hill") on 10 September 2009 in respect of the Homase prospecting licence and with Asasemu Mining Ltd ("Asasemu") on 8 October 2009 concerning the Manso Amenfi prospecting licence. During the year ended, the *Group* holds 10% interest in the Manso Amenfi licence and and 65% in the Homase licence. Under the terms of the agreements with Cherry Hill and Asasemu, the *Group* has the right to earn an interest in the Licences of up to 85% by expending funds towards exploration costs or reaching certain exploration targets.

23. **related** parties

The interests of the Directors in the share capital of the *Group*, whether beneficial or non-beneficial, are as follows:

	ordinary shares under option 2013	**ordinary shares under option 2012**
JH Wessels	7,600,000	7,600,000
H Schloemann	7,600,000	7,600,000
G McDowall	1,500,000	1,500,000

Details of all share based payments are disclosed in note 18.

24. **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 2013	ownership interest 2012
Goldstone Akrokerri (Ghana) Limited	ghana	Holder of the Akrokerri License	100%	100%
Goldstone Resources Limited Gabon S.A.R.L.	gabon	Holder of the Oyem and Ngoutou Licenses	100%	100%

Under Article 105(ii) 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 meats the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate accounts.

25. **ultimate** controlling party

The directors believe that no shareholder has the ability to control the constitution of the board which would result in such shareholder becoming the controlling party of the *Group*.

26. **capital** management

The primary objective of the *Group's* capital management is to optimally execute its exploration objectives and, if feasible, to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders.

The *Group* manages its capital structure and makes adjustments to it, in light of changes in economic conditions, exploration results and the need for further exploration capital. To maintain or adjust the capital structure, the *Group* may dispose of capital assets or issue new shares.

The *Group* is not subject to externally imposed capital requirements.

27. **subsequent** events

Since the end of the financial year the following matters or circumstances arose that may have a material impact on the consolidated financial statements. On 26 July 2013 the Company placed 35,947,700 new ordinary shares at 1p per share, thereby raising £359,477. These funds will provide the company with sufficient cash resources to do essential work at its projects and to investigate other measures of funding, in particular the sale of its Homase/Akrokerri project. In addition, the Company concluded a joint venture agreement with Randgold Resources Ltd ("Randgold") and a co-existence agreement with Ferrex plc ("Ferrex"). In terms of these agreements both companies have to conduct exploration on GoldStone's projects which will lead to the Company advancing its Sangola and Oyem projects without committing meaningful funds.