Goldstone Resources Limited

Report and Consolidated Financial Statements

for the year ended

28 February 2014

contents

general information

director details:

JH Wessels
H Schloemann
JG Best
WR Geier (resigned 13 November 2013)
BC Hill (appointed 13 November 2013)
A McIlwain

published:
28 August 2014

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Since the start of the reporting period, GoldStone's exploration activities have been constrained due to a lack of funding. Emphasis has been placed on cash conservation, project retention and keeping the Company's licences in good standing.

The downturn in market conditions resulted in a reduction of potential funding sources. In these circumstances it has been necessary to contemplate the monetisation of any one of our assets. In a declining market this is not only potentially value destroying, but also difficult to achieve. I am however pleased to state that the Company has retained all of its projects and executed meaningful exploration at Sangola and Ngoutou during the reporting period.

The Board believes each of the Company's licences is in good standing and expects appropriate renewals of those which are currently subject to applications.

Conditional Placement to Stratex

On 21 July 2014 the Company announced a proposed subscription by Stratex International plc ("Stratex") to raise gross proceeds of £1.25 million (the "Subscription"). The Subscription is planned to occur after a 1 for 10 share consolidation and will be for 20,833,333 new ordinary shares at a price of 6 pence per new share (the "Subscription Shares"). Subsequent to the Subscription and share consolidation, Stratex would own approximately 33.5% of the enlarged issued share capital of the Company.

The Subscription is conditional, inter alia, upon the following terms:

- the issue of warrants to Stratex to subscribe for 20,833,333 new ordinary shares at a price of 7 pence per share for a period of 18 months from the date of admission of the Subscription shares to trading on AIM ("Admission");
- the granting of a waiver by the Panel on Takeovers and Mergers of the obligation to make a general offer for the Company (the "Waiver");
- the approval by the shareholders of the Company in general meeting of the share consolidation, the Waiver and the issue of the Subscription shares;
- the appointment to the board of Directors (which is to include no more than five directors in total) of two non-executive directors nominated by Stratex, one of whom shall serve as chairman and one independent director also nominated by Stratex; and
- the approval by Stratex of terms of employment and incentive arrangements of certain Directors and employees of the Company.

The agreement announced on 21 July 2014 also included a condition that Admission should occur by 8.00 a.m. on 30 September 2014. On 28 August 2014, the Company and Stratex agreed an extension to the Subscription agreement with the effect that Admission must occur by 8.00 a.m. on 31 October 2014. This will provide both companies with sufficient time to fulfil the conditions precedent to the Subscription agreement. Unity Mining Limited, the Company's largest shareholder, has undertaken to vote in favour of the resolutions to be proposed at the general meeting.

Senegal (Sangola)

The 471 km² Sangola licence lies in the south-western corner of the prolific Kenieba-inlier gold province. During April 2013 the Company entered into a joint venture with Randgold Resources Ltd ("Randgold") to explore the licence.

The joint venture was terminated in April 2014 by Randgold after 10,000m of reverse circulation drilling at four of the eight identified prospects. The joint venture was terminated because Randgold held the opinion that a potential discovery would not meet their internal investment criteria of yielding "a deposit larger than 3 million ounces at an average grade above 3 g/t". Randgold noted in the termination notice that in their opinion the permit is "still prospective for smaller or lower grade deposits" than a 3 million ounce deposit at 3 g/t.

The licence area contains four gold-in-soil anomalies identified by GoldStone and four further conceptual regional target areas identified by Randgold.

Randgold commenced drilling operations during June 2013 and concluded the programme in December 2013. At Thiabedji 17 holes were drilled with the aim of confirming GoldStone's own results from 2012 and at Tiobo 41 holes were drilled comprising four drill lines between 700m and 1.2km apart. Drilling at the Baraboye gold anomaly was conducted later in 2013 and consisted of 84 holes over four drill lines, which were between 2.7 km and 1.6 km apart. At Ibel one line consisting of four holes were drilled over the northern portion of the anomaly and one line of nine holes over the southern portion of the anomaly. None of the conceptual targets were explored by Randgold.

Under the joint venture Randgold was obliged to fund all costs, file all regulatory reports, make payment of prospecting fees and provide GoldStone with an exit report.

A renewal for the Sangola licence was filed during September 2013 after non-prospective ground comprising approximately 25% of the licence area was relinquished. The Directors remain confident that the licence will be renewed in due course.

Gabon projects (Oyem and Ngoutou)

The Oyem and Ngoutou licences were drilled during the period under review and both hold the potential to host significant gold mineralisation. Both licences contain 15km long gold-in-soil anomalies with favourable geophysics and significant artisanal gold workings.

Three diamond drilled holes (totalling 535m) were completed along two drill traverses, targeting a small portion of the 15km long Ngoutou 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.

Approximately 400m of the 15km long Oyem gold-in-soil anomaly were drill tested and high grade gold mineralisation in a 120m wide deformational zone was encountered along two drill lines. Best results included 2m @ 5.3 g/t (including 1m @ 9.5 g/t) in the first drill line and 2.2m @ 4.5 g/t (including 1m at 9.1 g/t) in the second drill line.

Under the terms of a co-existence agreement concluded early in 2013, Ferrex plc undertook exploration work in the southerly part of the Oyem licence which included a nine hole diamond drilling programme directed at both iron and gold and a 400m by 100m spaced soil sampling programme focused exclusively at gold around the area of interest. Results of the drilling tested negative for gold mineralisation and results from the soil sampling programme are still outstanding. Under the terms of the co-existence agreement with Ferrex, GoldStone will receive a 1% royalty on any iron ore produced by Ferrex.

On 4 July 2014 the Company was informed that both its licences in Gabon has been renewed until 28 May 2017.

Ghana projects

The Homase/Akrokerri project is located in the heart of the Ashanti Gold Belt in Ghana and adjoins AngloGold Ashanti's Obuasi permit. The Company announced a resource of 405,600oz in June 2010 from historical drilling results and increased this by a further 196,400oz in August 2012. The JORC-compliant total resource is now 10.6 million tonnes at an average grade of 1.77 g/t for 602,000oz.

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 owns 100% of the Akrokerri licence.

At the Manso Amenfi project, over which GoldStone has a joint venture with Asasemu Mining Limited, a trenching programme commenced over prospective gold anomalies, some of which trend parallel to nearby well known gold-bearing structures. A total of 48 trenches totalling 2,247m have been excavated and samples taken at 2m intervals. The results have been received, but were found to be inconclusive. Due to the financial position of the Company, decisions on future exploration work have been put on hold until sufficient funding has been secured.

The Minerals Commission of Ghana has recommended renewal for a two year period in respect of the Homase, Akrokerri and Manso Amenfi licences subject to Ministerial approval, which is expected to be received in due course.

Funding

In July 2013 the Company raised £359,500 through a placing at 1p per share and a further £500,000 at 1.5p per share in September 2013. On 21 July 2014, the Company announced the conditional subscription agreement with Stratex, further details of which are set out above.

During February 2013, in an endeavour to conserve funds, the Executive Directors and the operational management agreed to defer 50% of their salaries and to convert such deferred salaries into shares at a price to be determined by the Remuneration Committee at an appropriate time.

Takeover Code

From 30 September 2013 certain changes to the UK City Code on Takeovers and Mergers (the "City Code") were implemented, the effect of which is that the Company is now subject to the City Code.

Changes to the Board

On 13 November 2013 Bill Geier resigned as a non-executive director of the Company and was replaced by Ben Hill. Both directors are appointees of GoldStone's largest shareholder Unity Mining Ltd.

Outlook

In the current financial climate under which exploration companies operate, the focus of all small cap explorers should be to build value of its most prospective projects, especially those with near term production potential, before the expected upturn arrives. The funds raised through the Stratex subscription will provide the Company with sufficient cash resources to conduct meaningful exploration at Homase/Akrokerri, keep the most prospective projects in good standing and allow the Company to investigate other measures of funding, if practicable and expedient. Exploration at Homase/Akrokerri will be directed at potentially adding shallow oxide resources, metallurgy drilling (to define the metallurgical possibilities), mine studies to advance our understanding of the optimum production capacity of the Homase resource and a number of boreholes to test the potential of the recognised high grade shoots at depth.

Joint ventures will be considered for some of our projects. This includes Sangola where we now have extensive data from Randgold's exploration activities as well as the projects in Gabon. If momentum is gained through our relationship with Stratex, there may also be some corporate activity around acquiring smaller deposits in and around Homase/Akrokerri to provide the project with critical mass or by acquiring or partnering on assets from funding-stressed companies in West Africa.

Jurie Wessels
Chief Executive Officer

The directors submit their report and consolidated financial statements ("the financial statements") for the year ended to 28 February 2014.

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. As of 28 February 2014, the *Company* has issued share capital of 389,137,771 shares (2013: 319,856,738 shares).

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 6.

going concern

The directors have put measures in place to preserve cash resources and minimise the cash burn rate through cost reduction. Funding for future operations and working capital is to be secured through completion of a proposed transaction with Stratex International Plc ("Stratex") dated 17 July 2014 in terms of which Stratex will be issued 20,833,333 shares (post consolidation) for an investment of £1,250,000 ("Initial Funding"). The issue of further shares resulting from Stratex exercising part or all of 20,833,333 warrants granted to it may raise a total of £1,458,333 within a period of 18 months from successful completion of the transaction. The Initial Funding is however not sufficient to meaningfully advance all of the exploration assets of the Company. The current economic climate and stale market conditions prevalent in the small cap mining industry may continue to adversely affect the Company's ability to procure sufficient funding to conduct meaningful exploration activities at all of its projects with the result that the Company may have to dispose of some of its less promising projects. Due to the conditional nature of the proposed Stratex transaction, which is to be completed by 31 October 2014, coupled with the Company's potential inability to procure funding for meaningful future exploration activities and working capital, doubt exists about the Company's ability to continue as a going concern. 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 expectation that the conditions precedent to the Stratex transaction are expected to be fulfilled and after making reasonable enquiries at the present time, the Directors, 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 13. The directors do not recommend a dividend for the year ended 28 February 2014 (2013: 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. Subsequent to the financial year, AIM has introduced new rules relating to corporate governance.

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
28 August 2014

statement of directors' responsibilities

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 profit and 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

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 2014 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 28. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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. The deal with Stratex International Plc for subscription of shares which is conditional upon certain terms is expected to be completed by 31 October 2014 and is expected to secure funding for exploration projects. This coupled with steps being undertaken by management to reduce both exploration and non-exploration expenditure in order to maintain adequate financial resources and preserve available cash by reducing the monthly cash burn rate while future funding is considered, 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;
- 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.

Helen Gale, BSc, FCA
for and on behalf of Deloitte LLP
Chartered Accountants
Jersey
28 August 2014

consolidated statement of financial position

as at 28 February 2014

in united states dollars		28 February 2014	28 February 2013
assets			
property, plant and equipment	13	32,676	47,685
non-current assets		**32,676**	**47,685**
trade and other receivables	12	17,976	148,274
cash and cash equivalents	15	619,095	631,855
current assets		**637,071**	**780,129**
total assets		669,747	827,814
equity			
share capital	16	6,340,370	5,259,165
share premium		24,110,882	23,844,234
capital contribution reserve		555,110	555,110
share options reserve		605,808	605,808
accumulated deficit		(31,250,496)	(29,554,655)
total equity		**361,674**	**709,662**
liabilities			
trade and other payables	19	308,073	118,152
current and total liabilities		**308,073**	**118,152**
total equity and liabilities		669,747	827,814

The consolidated financial statements were approved by the Board of Directors on 28 August 2014.
Signed on behalf of the Board

JH Wessels

Director and Chief Executive Officer

The notes on page 16 to 41 form part of these consolidated financial statements.

consolidated statement of comprehensive income

for the year ended 28 February 2014

in united states dollars		**year ended 28 February 2014**	**year ended 28 February 2013**
continuing operations			
sundry income	8	49,450	34,249
exploration expenses		(709,620)	(5,151,628)
other expenses		(1,036,654)	(1,368,987)
results from operating activities		**(1,696,824)**	**(6,486,366)**
finance income	11	983	4,916
net finance cost		**983**	**4,916**
loss before tax		(1,695,841)	(6,481,450)
loss from continuing operations		**(1,695,841)**	**(6,481,450)**
other comprehensive income		0	0
total comprehensive loss for the year	10	(1,695,841)	(6,481,450)
loss per share			
basic loss per share	17	(0.004)	(0.020)
diluted loss per share	17	(0.004)	(0.020)

The notes on page 16 to 41 form part of these consolidated financial statements.

consolidated statement of change in equity

for the year ended 28 February 2014

in united states dollars	share capital	share premium	capital contribution reserve	share options reserve	accumulated deficit	total equity
balance as at 1 March 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**
net 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**
issue of ordinary shares	1,081,205	266,648	0	0	0	**1,347,853**
loss for the year	0	0	0	0	(1,695,841)	**(1,695,841)**
balance as at 28 February 2014	**6,340,370**	**24,110,882**	**555,110**	**605,808**	**(31,250,495)**	**361,674**

The notes on page 16 to 41 form part of these consolidated financial statements.

consolidated statement of cash flow

for the year ended 28 February 2014

in united states dollars	**year ended 28 February 2014**	**year ended 28 February 2013**
cash flow from operating activities		
loss for the year	(1,695,841)	(6,481,450)
adjusted for:		
- depreciation	18,332	19,603
- interest received	(983)	(4,916)
- share options granted to directors and employees during the year	0	96,465
- profit on sale of moto vehicle	(2,485)	0
changes in:		
- trade and other receivables	130,298	(148,274)
- trade and other payables	189,922	(421,302)
net cash used in operating activities	**(1,360,757)**	**(6,939,874)**
cash flow from investing activities		
interest received	983	4,916
disposal of property, plant and equipment	4,396	0
acquisition of property, plant and equipment	(5,235)	(30,216)
net cash used in / (from) investing activities	**144**	**(25,300)**
cash flow from financing activities		
proceeds from issue of ordinary share capital	1,347,853	24,331
net cash from financing activities	**1,347,853**	**24,331**
net decrease in cash and cash equivalents	**(12,760)**	**(6,940,843)**
cash and cash equivalents at beginning of the year	631,855	7,572,698
cash and cash equivalents at end of the year	**619,095**	**631,855**

The notes on page 16 to 41 form part of these consolidated financial statements.

1. **reporting** entity

The consolidated financial statements ('the financial statements') for the year ended 28 February 2014 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. Funding for future operations and working capital is to be secured through completion of a proposed transaction with Stratex International Plc ("Stratex") dated 17 July 2014 in terms of which Stratex will be issued 20,833,333 shares (post consolidation) for an investment of £1,250,000 ("Initial Funding"). The issue of further shares resulting from Stratex exercising part or all of 20,833,333 warrants granted to it may raise a total of £1,458,333 within a period of 18 months from successful completion of the transaction. The Initial Funding is however not sufficient to meaningfully advance all of the exploration assets of the Company. The current economic climate and stale market conditions prevalent in the small cap mining industry may continue to adversely affect the Company's ability to procure sufficient funding to conduct meaningful exploration activities at all of its projects with the result that the Company may have to dispose of some of its less promising projects. Due to the conditional nature of the proposed Stratex transaction, which is to be completed by 31 October 2014, coupled with the Company's potential inability to procure funding for meaningful future exploration activities and working capital, doubt exists about the Company's ability to continue as a going concern. 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 expectation that the conditions precedent to the Stratex transaction are expected to be fulfilled and after making reasonable enquiries at the present time, the Directors, 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.

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

(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.

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 3, 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.

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

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

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:

(ii) 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.

(iii) 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* (its subsidiaries) made up to 28 February each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The *Company* 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 listed above.

When the *Company* has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The *Company* considers all relevant facts and circumstances in assessing whether or not the *Company's* voting rights in an investee are sufficient to give it power, including:

- the size of the *Company's* holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the *Company*, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the *Company* has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

(a) **basis** of consolidation **(continued)**

Consolidation of a subsidiary begins when the *Company* obtains control over the subsidiary and ceases when the *Company* losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the *Company* gains control until the date when the *Company* ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the *Company* and to the non-controlling interests. Total comprehensive income of the 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.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transitions between the members of the *Group* are eliminated on consolidation.

Changes in the *Group's* interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the *Group's* interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the *Company*.

When the *Group* loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the *Group* had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity

(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.

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

(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.

(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.

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

(d) **property**, plant and equipment **(continued)**

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.

(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.

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

(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.

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.

(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).

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

(n) **joint** ventures **(continued)**

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. **adoption** of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

(a) **standards** affecting the financial statements

New and revised Standards on consolidation, joint arrangements, associates and disclosure	In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards. Other than IFRS 10, IFRS 12 and IAS 28, applications of IFRS 11 has not had any impact on the disclosures or the amounts recognised in these financial statements as the Group does not have any joint arrangements.

4. **adoption** of new and revised standards **(continued)**

(a) **standards** affecting the financial statements **(continued)**

Impact on the application of IFRS 10	IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. Specifically, the Group has a 100% interest in its subsidiaries and therefore the directors concluded that it has control over the subsidiaries.
Impact of the application of IFRS 12	IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has not resulted in more extensive disclosures in the consolidated financial statements as the subsidiaries are 100% owned and controlled.
IFRS 13 Fair Value Measurement	IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

4. **adoption** of new and revised standards **(continued)**

(a) **standards** affecting the financial statements **(continued)**

	IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The new terminologies have been adopted in these financial statements and have not resulted in any impact on profit or loss, other comprehensive income, or total comprehensive income for the Group.
Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012)	The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. The application of the amendment has no effect on the Group's financial statements.

4. **adoption** of new and revised standards **(continued)**

(a) **standards** affecting the financial statements **(continued)**

IAS 19 Employee Benefits (as revised in 2011)	IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. This amendment had no effect on the Group's financial statements as the Group does not operate a defined benefit plan.

(b) **standards** not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendments to IFRS 7 Disclosures	The Group has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

5. new standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective;

standard / interpretation	effective for annual periods beginning on or after
IFRS 9	1 January 2018
Amendments to IFRS 9 and IFRS 7	1 January 2015
Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Amendments to IAS 32	1 January 2014
Amendments to IAS 36	1 January 2014
Amendments to IAS 39	1 January 2014
Amendments to IFRS 9 and IFRS 7	1 January 2015

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except as that IFRS 9 will impact both the measurement and disclosures of Financial Instruments.

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) 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	**(709,620)**	**(1,036,654)**	**(1,746,274)**
reportable segment loss	(660,170)	(1,035,671)	(1,695,841)
interest revenue	0	983	983
depreciation	(5,000)	(13,332)	(18,332)
reportable segment assets	**42,947**	**626,801**	**669,747**
reportable segment liabilities	**(69,740)**	**(238,333)**	**(308,073)**

7. operating segments(continued)

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

in united states dollars	**2014**	**2013**
revenues		
total revenue for reportable segments	0	0
consolidated revenue	**0**	**0**
loss		
total loss for reportable segments	1,695,841	6,481,450
consolidated loss from continuing operations	**1,695,841**	**6,481,450**
assets		
total assets for reportable segments	669,747	827,814
consolidated total assets	**669,747**	**827,814**
liabilities		
total liabilities for reportable segments	(308,073)	118,153
consolidated total liabilities	**(308,073)**	**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	983	0	983
depreciation	(18,332)	0	(18,332)

8. sundry income

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

9. deposits

At year end, payments made of US$8,414 and US$28 were held by third parties on leasing charges and office equipment rental respectively, while US$2,080 was paid in advance.

10. operating loss for the financial year

The operating loss is stated after charging:

in united states dollars	**2014**	**2013**
auditor's remuneration	19,355	18,523
depreciation	18,332	19,603
foreign exchange difference	(23,722)	11,012
directors' remuneration: executive (received in cash)	216,125	420,000
directors' remuneration: executive (still to be issued in shares)	216,125	0
directors' remuneration: non-executive	0	43,236

11. finance income and finance costs

in united states dollars	**2014**	**2013**
interest received from financial institutions	983	4,916

12. trade and other receivables

in united states dollars	**2014**	**2013**
other receivables	7,454	33,678
payments made in advance and deposits (see note 9)	10,522	114,596
total	**17,976**	**148,274**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

13. property, plant and equipment

in united states dollars	2014 cost	2014 accumulated depreciation	2014 carrying value	2013 cost	2013 accumulated depreciation	2013 carrying value
gold samples	4,570	0	4,570	4,570	0	4,570
computer equipment	57,027	(50,730)	6,297	51,792	(47,645)	4,147
office equipment	104,025	(93,049)	10,976	104,025	(83,098)	20,928
field/geological equipment	56,228	(56,228)	0	56,228	(56,228)	0
motor vehicles	20,000	(9,167)	10,833	27,058	(9,019)	18,040
total	**241,850**	**(209,174)**	**32,676**	**243,673**	**(195,990)**	**47,685**

reconciliation of property, plant and equipment - 2014

in united states dollars	carrying value balance	additions	disposals	depreciation	carrying value ending balance
gold samples	4,570	0	0	0	4,570
computer equipment	4,147	5,235	0	(3,085)	6,297
office equipment	20,928	0	0	(9,953)	10,976
field/geological equipment	0	0	0	0	0
motor vehicles	18,040	0	(1,911)	(5,294)	10,833
total	**47,685**	**5,235**	**(1,911)**	**(18,332)**	**32,676**

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**

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 (2013: $ 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	**2014**	**2013**
Sterling	404,213	464,673
US Dollars	64,399	86,134
South African Rand	141,345	40,434
Ghana Cedis	1,762	1
West African CFA Francs	7,376	40,613
total	619,095	631,855

16. **capital** and reserves

(a) **share** capital

	2014	**2013**
called up, allocated and fully paid		
in issue at 1 March	£3,198,567	£3,183,567
issued for cash	£692,810	0
issue other	0	£15,000
in issue at 28 February – fully paid 389,137,771 (2013: 319,856,738) ordinary 1 pence shares	£3,891,377	£3,198,567
converted to united states dollar at date of issue	$6,340,370	$5,259,165
authorised		
500,000,000 (2013: 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 69,281,033 (2013: 1,500,000) new ordinary shares, all of which rank pari passu with the existing ordinary shares. The value received for the share issuance was US$1,081,205 (2013: US$24,331).

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 2014 was based on the losses attributable to ordinary shareholders of US$ 1,695,841 (2013: US$ 6,481,450), and an average number of ordinary shares in issue of 389,137,771 (2013: 319,856,738).

in united states dollars	**2014**	**2013**
loss attributable to shareholders	(1,695,841)	(6,481,450)
weighted average number of ordinary shares	389,137,771	319,856,738
basic loss per share	**(0.004)**	**(0.020)**

(b) diluted loss per share

The calculation of diluted loss per share at 28 February 2014 was based on the losses attributable to ordinary shareholders of US$ 1,695,841 (2013: US$ 6,481,450), and an average number of ordinary shares in issue after adjustment for the effect of all dilutive potential ordinary shares of 389,137,771 (2013: 319,856,738).

in united states dollars	**2014**	**2013**
loss attributable to shareholders	(1,695,841)	(6,481,450)
weighted average number of ordinary shares	389,137,771	319,856,738
diluted loss per share	**(0.004)**	**(0.020)**

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

in number of shares	**2014**	**2013**
share options	13,850,000	17,850,000
warrants	0	10,901,389

18. **share** based payment arrangements

At 28 February 2014, 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 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	6 February 2013
	13,850,000		

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**

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. No warrants were exercised during the vesting period and subsequently these have lapsed.

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 2014. 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 (2013: US$ 605,808).

(d) expense recognised in profit and loss

No options were granted to directors and employees during the period under review. During 2013, a cost of US$ 96,465 was included for the options granted to directors and employees 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 2014	weighted average exercise price 2014	number of options 2013	weighted average exercise price 2013
outstanding as at 1 March	17,850,000	6.74p	18,650,000	6.50p
exercised during the year	0	0	0	0
expired during the year	(4,000,000)	0	(2,800,000)	0
granted during the year	0	0	2,000,000	9.00p
outstanding at 28 February	**13,850,000**	**7.71p**	**17,850,000**	**6.74p**
exercisable at 28 February	**12,050,000**	**6.78p**	**12,250,000**	**4.53p**

No share options were granted during the period under review.

The options outstanding at 28 February 2014 have an exercise price in the range of 3.0p to 14.0p (2013: 1.5p to 14.0p) and a weighted average life of 2.34 years (2013: 2.67 years).

19. trade and other payables

in united states dollars	2014	2013
trade payables	308,073	118,152

The *Group's* exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21. The directors consider that the carrying amount of trade payables approximates to their fair value.

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. Ultimate responsibility for liquidity risk management rests with the board of directors, 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 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 2014	reporting date spot rate 2014	average rate 2013	reporting date spot rate 2013
Sterling for 1 US$	1.577	1.675	1.586	1.519
South African Rand for 1 US$	0.100	0.093	0.120	0.111
Ghana Cedis for 1 US$	0.463	0.391	0.526	0.519
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 2014, albeit that the reasonably possible foreign exchange rate might have been different, as indicated below.

in united states dollars	equity strengthening 2014	equity weakening 2014	equity strengthening 2013	equity weakening 2013
Sterling 13% (2013: 20%)	2,330	(2,330)	4,717	(4,717)
South African Rand 20% (2013: 20%)	15,480	(15,480)	10,237	(10,237)
Ghana Cedis 10% (2013: 20%)	0	0	0	0
West African CFA Francs 10% (2013: 20%)	0	0	0	0
total	**17,810**	**(17,810)**	**14,954**	**(14,954)**

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 2014	ordinary shares under option 2013
JH Wessels	7,600,000	7,600,000
H Schloemann	7,600,000	7,600,000

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 2014	ownership interest 2013
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 17 July 2014 the Company entered into a conditional subscription of new shares by Stratex International Plc ("Stratex") to raise gross proceeds of £1.25 million in order to provide the Company with funding to continue its business of exploration in West Africa, particularly to advance Homase/Akrokerri. The subscription by Stratex will occur after a proposed 1 for 10 consolidation of the Company's existing Ordinary Shares and will be for 20,833,333 New Ordinary Shares at a price of 6 pence per share. The Subscription is further conditional upon the approval of a waiver of obligations under Rule 9 of The City Code on Takeovers and Mergers, which has been made applicable to the Company during September 2013.

27. **subsequent** events **(continued)**

The funds raised through the Stratex placement will provide the Company with sufficient cash resources to conduct meaningful exploration at Homase/Akrokerri, keep its most promising projects in good standing for as long as possible and to investigate other measures of funding if practicable and expedient. The joint venture agreement concluded during April 2013 with Randgold Resources Ltd ("Randgold") has been terminated by Randgold. This means that the Company has to utilise its own funds or conclude a joint venture to advance its Sangola project. Trenching at Manso Amenfi has yielded inconclusive results with the consequence that other exploration methods are to be considered.

Both the Oyem and Ngoutou licenses have been renewed during March 2014 by the Direction Générale des Mines et de la Géologie in Gabon. The Company applied for renewal of the Sangola license during October 2013 and is awaiting approval from the Senegalese Direction des Mines et de la Géologie. In Ghana the Minerals Commission of Ghana recommended renewal of the Company's Akrokerri license as well as the Homase license, which is subject to a joint venture with Cherry Hill Mining Company Ltd. A recommendation for renewal has also been received during the same time from the Minerals Commission of Ghana in respect of the Manso Amenfi license, which is subject to a joint venture with Asaasemu Mining Ltd. The Minerals Commission of Ghana's renewal recommendation for all the Ghanaian licenses was received during November 2013 and is subject to Ministerial approval, which is patiently awaited. The Directors believe the Company's licenses are in good standing to be renewed in all instances where the Company is awaiting approval on renewal applications.

28. **operating** lease arrangement

The operating lease relates to the lease of an office building, which expired on 28 February 2014 and not renewed. A new operating lease was entered into on 1 March 2014 for a 14 months. The *Group* does not have an option to purchase the leased land at the expiry of the lease period.

Payments recognised as an expense	**2014**	**2013**
Minimum lease payments	44,876	48,524

Non-cancellable operating lease commitments	**2014**	**2013**
Not later than 1 year	21,551	44,876
Later than 1 year and not later than 5 years	3,876	0