Goldstone Resources Limited

Report and Consolidated Financial Statements

for the year ended
31 December 2015

contents

general information

director details:
JH Wessels (resigned 18 February 2016)
C Hall
A McIlwain (resigned 18 November 2015)
K Parker (appointed 18 November 2015, resigned 31 May 2016)
B Foster
N Gardyne (appointed 12 March 2015)

company secretary:
J Coetzer

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

auditor:
Deloitte LLP
The Old Courthouse
Athol Street
Douglas
Isle of Man
IM11LD

Nominated adviser:
Strand Hanson
26 Mount Row, London, W1K 3SQ

Broker adviser:
SI Capital
1 High Street, Godalming, Surrey, GU7 1AZ

Crest source adviser and UK transfer agent:
Computershare
The Pavillions, Bridge Road, Bristol, BS99 6ZY

chairman's report

Looking back over 2015 it would appear that the negative market sentiment towards mining and particularly exploration companies bottomed out during the year. I hope the same can be said for the fortunes of Goldstone Resources Limited ('the Company' or 'Goldstone').

After reporting encouraging results from an auger and reverse circulation drill programme on the westward extension of the Homase-Akrokerri mineralisation trend in the first half of 2015, your board decided to hold off on further exploration spending until sentiment improved. The cost to shareholders of replacing precious exploration funds was considered to be too high.

As a result of the market sentiment to the mining sector, the Company sought to undertake a root and branch strategic review. Consideration was given to continued participation in all three countries of operation; merger with other exploration companies; and the sale of prospecting licences which would have provided funds and a breathing space for redevelopment. Following completion of this review and the various changes to the Company that have taken place since the year end, the Company is now focused on seeking to advance Homase-Akrokerri through an infill RC drilling programme, further details of which are set out below, as well as continuing to explore opportunities to create shareholder value from its other prospecting licences. In addition, the Company will also consider opportunities to expand its licence base, should the right proposition become available.

The result for the year was a consolidated loss of US$1.30 million (US$1.17 million in 2014) reflecting the higher level of exploration activity in the first half of 2015. It should be noted that unlike many similar companies, Goldstone has not, and continues not, to capitalise exploration costs. This has the effect of increasing losses and means that investment exploration is not reflected in the balance sheet. The Company finished the year with a cash balance of US$0.24 million (US$1.56 million in 2014).

Since the year end there have been a number of changes to the Company. Firstly, Red Rock Resources Plc ('Red Rock') and Metal Tiger Plc ('Metal Tiger') became shareholders, following Unity Mining Ltd's decision to realise their investment in the Company, having held a substantial interest in Goldstone for many years, and in aggregate, now held approximately 22.9% of the shares in the Company. We are accordingly pleased to welcome Red Rock and Metal Tiger as shareholders and share their enthusiasm, particularly for the potential in Ghana, and look forward to working with them as we seek to rejuvenate the fortunes of the Company.

Secondly there have been a number of changes to the board with the resignation of Jurie Wessels, as Chief Executive, and Kerry Parker, as non-executive director, Unity's representative on the board. We are grateful to both Jurie and Kerry, for their efforts and contributions to the Company. Following these changes, we were pleased to welcome Emma Priestley as interim CEO and she is working with the board and shareholders in seeking to advance the Company.

Following these changes, the board is now resolved to concentrate on exploring our current prospecting licence portfolio in Ghana and, if possible to add to it with a view to developing projects with nearer term cash flow potential. Given the refocussing of Goldstone for the advancement of its prospecting licences, the board has also reinstated the remuneration which had previously been waived.

We would also like to acknowledge the contribution made by our major shareholder Stratex International PLC ('Stratex') which has a 33.45% interest in the Company. Since the year end Stratex has made, in aggregate, US$350,000 available to the Company through a short term loan facility, as well as providing technical and management support. Stratex has also provided the Company with a written non legally binding letter, confirming Stratex's financial support for the Company for a period of 12 months from the date of the signing of these financial statements. This financing is essential in order to support the planned exploration activities in 2016. It is also your board's intention in due course to recapitalise the Company in order to fund its planned exploration activities and to enhance its prospecting licence base particularly in Ghana, and rebuild shareholder value which has been eroded by difficult times.

Operational Report

Licences in Ghana

Since the last reporting period the focus of field exploration and analysis continued to be concentrated on the prospecting licences in Ghana.

The Company's Homase/Akrokerri project is located within the defined Ashanti Gold Belt and abuts Anglo Gold Ashanti's Obuasi tenements. Following the increase in Goldstone's interest in the project during 2015, Goldstone now holds 90% of the Homase license and 100% in the Akrokerri licence through its wholly owned Ghanaian registered subsidiary (Goldstone Akrokerri (Ghana) Limited). Goldstone's licences have also been renewed, effective from July 2015, for a further period of two years.

The Homase/Akrokerri project currently has a JORC-compliant mineral resource of 10.6 million tonnes at an average grade of 1.77 g/t Au for 602,000 oz Au, including c.100,000 oz oxide gold at 1.29 g/t Au, of which Goldstone owns 93%.

The main operational highlights in the financial year were presented in the review of the 2015 auger hole program carried out on both the Homase and Akrokeri licences:

- Auger drilling was completed for a total of 1,332 holes over 8 prospects to target additional oxide potential;
- Close-spaced infill auger drilling was conducted for a further 195 holes over Akrokerri prospects AK02, immediately south west and along strike of the Homase/Akrokerri deposit, and AK04, which may be an extension of AK02, where the initial auger program had highlighted the potential for c.1,500 m- and c.800 m- long target zones respectively;
- The results of the infill auger drilling at AK02 confirmed a c.1,500m- long saprolite anomaly of 57 to 394 ppb Au, which is thought to reflect bedrock gold mineralisation;
- The anomaly covers four historic drill fence lines, where holes have missed the interpreted bedrock gold mineralisation on at least two of the lines;
- At AK04, infill auger results did not support the original prospectivity and the target strike length was reduced to 300m. However, anomalous results were maintained around the site of historic RC drilling; and
- This work has identified areas where further exploration can be undertaken with the potential to identify new targets.

The Company plans to undertake an infill RC drilling programme across the AK02 prospect with a view to adding to the existing resource base at Homase-Akrokerri. No further drilling is currently planned at AK04, although this may change subject to the outcome of drilling at AK02. With an improving gold price, the Company will also consider testing the system at depth to follow-up on previous diamond drilling that has returned a number of significant intercepts including 23.5 m @ 6.22 g/t Au, 13 m @ 10.90 g/t Au and 11 m @ 4.96 g/t Au, and are thought to reflect the tops of Obuasi-style ore shoots.

An office and accommodation facility has been established at Homase-Akrokerri and, subject to funding, further exploration will commence in the latter part of 2016.

Elsewhere in Ghana, minimal work has been undertaken at the Manso Amenfi project.

Homase-Akrokerri continues to be supported by the Company's major shareholder Stratex, who have supported the review of the technical programme since late-2014.

Licences in Senegal and Gabon

During the year, minimal work was undertaken on our projects in Senegal (Sangola) and Gabon (Oyem and Ngoutou), as Goldstone has been focused on its efforts in Ghana and on restructuring the Company.

Going forward, the Company shall continue to identify potential corporate deals for these licences in order to extract their underlying value without actively pursuing significant exploration work ourselves. This may take the form of joint ventures, disposals or other corporate restructuring.

Christopher Hall
Chairman

The directors submit their report and consolidated financial statements ('the *financial statements*') for Goldstone Resources Limited (the '*Company*') and its subsidiaries (together 'the *Group*') for the year ended to 31 December 2015.

incorporation

The *Company* was incorporated in Jersey as a private company under the Companies (Jersey) Law 1991 on 17 April 1998. The *Company* was changed from a private company to a public company on 16 March 2004. The *Company* was successfully admitted to trading on AIM on 25 March 2004. As of 31 December 2015, the *Company* has an issued share capital of 62,286,363 shares (December 2014: 62,286,363 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, with the main focus in Ghana. A review of the *Company's* performance and indications of likely future development is included in the Chairman's report on pages 3 to 5.

going concern

The financial statements have been prepared on the basis that the *Group* is a going concern. The Group is engaged in exploration activities which have not yet generated income streams and the *Group* continues to be loss making.

The *Group* has a year-end cash position of US$0.24 million (2014: US$1.56 million) and its cash flow forecasts indicate that even though the *Group* has put measures in place to preserve cash resources and minimise cash burn rate through cost reduction, and has the ability to continue to do so in the future, it is reliant on procuring funding to continue in operational existence. The economic climate and market conditions which have been prevalent in the small cap mining industry, may continue to adversely affect the Group's ability to procure funding, to conduct meaningful exploration activities.

The *Group* has been able to secure funding to provide the necessary funds to advance the *Group*. Stratex International PLC ('Stratex'), the company's largest shareholder, has provided the *Group* with a short term loan facility of US$0.35 million due on 31 December 2016 (See note 27, Subsequent Events). Beyond this initial loan facility amount of US$0.35 million Stratex is not legally committed to provide any additional financing to the *Group*, although the directors (some of whom are common directors of Stratex) believe that Stratex will continue to provide ongoing financial support, as set out in the letter from Stratex confirming that it would provide financial support to the *Company* for a period of 12 months from the date of signing these accounts (for the avoidance of doubt, this is not a legal commitment).

Due to the fact that the *Group* is loss making and currently generating no revenue, and due to the challenging market conditions in the small cap mining industry, there is a material uncertainty in relation to whether the *Group* will be able to procure all of the necessary funding it requires to provide working capital and conduct meaningful exploration activities into the foreseeable future. This material uncertainty may give rise to significant doubt over the *Group's* ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

going concern (continued)

However, notwithstanding this material uncertainty, given that the directors have a reasonable expectation, for the reasons set out above, that additional financing will be received, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that may be required if they were prepared on a basis other than going concern.

results and dividends

The loss for the financial year is set out in the consolidated statement of comprehensive income on page 12. The directors do not recommend a dividend for the year ended 31 December 2015 (10 month period ended 31 December 2014: US$ nil).

The comparative numbers presented are for the period from 1 March 2014 to 31 December 2014.

directors

The directors of the *Company* who served during the year and to the date of this report, with the exceptions of JH Wessels who resigned on 18 February 2016 and K Parker who resigned on 31 May 2016, are as set out on page 2.

corporate governance

The *Company's* share capital is quoted on the AIM market of London Stock Exchange plc 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:

J Coetzer
PO Box 2573
Bellville
South Africa
7535

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

Company Secretary
28 June 2016

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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the *Group* and of the profit and loss of the *Group* for that period.

International Accounting Standard 1 requires that the directors:
- 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 *Group's* ability to continue as a going concern.

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

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

Signed on behalf of the board

Company Secretary

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

We have audited the consolidated financial statements (the "financial statements") of Goldstone Resources Limited ("*the Company*") and its subsidiaries (together "*the Group*") for the year ended 31 December 2015, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and 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 adopted by the European Union ('*EU*').

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 G*roup'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 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the *EU*; 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 *Group's* ability to continue as a going concern. The *Group* is currently engaged in exploration activities which have not yet generated income streams. As such, the *Group* is dependent on procuring sufficient funding to continue in operational existence. These conditions, along with the other circumstances described in note 2b, indicate the existence of material uncertainty which may cast significant doubt about the *Group's* ability to continue as a going concern. The financial statements do not include the adjustments that would result if the *Group* 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.

Sarah Sanders FCA
for and on behalf of Deloitte LLP
Chartered Accountants
Isle of Man

consolidated statement of financial position

as at 31 December 2015

in united states dollars		December 2015	December 2014 Restated
assets			
property, plant and equipment	13	9,110	21,507
non-current assets		**9,110**	**21,507**
trade and other receivables	12	912	9,923
cash and cash equivalents	15	244,530	1,563,085
current assets		**245,442**	**1,573,008**
total assets		254,552	1,594,515
equity			
share capital – ordinary shares	16	1,008,352	1,008,352
share capital – deferred shares	16	6,077,013	6,077,013
share premium		25,717,878	25,717,878
capital contribution reserve		555,110	555,110
share options reserve		605,808	605,808
accumulated deficit		(33,718,456)	(32,420,533)
total equity		**245,705**	**1,543,628**
liabilities			
trade and other payables	19	8,847	50,887
current and total liabilities		**8,847**	**50,887**
total equity and liabilities		254,552	1,594,515

The consolidated financial statements were approved by the Board of Directors on 28 June 2016.
Signed on behalf of the Board

Director

Restated – refer to note 16 for details of restatement

The notes on page 15 to 39 form part of these consolidated financial statements.

consolidated statement of comprehensive income

for the year ended 31 December 2015

in united states dollars		year ended 31 December 2015	10 months ended 31 December 2014
continuing operations			
sundry income	8	27,500	45,786
exploration expenses		(525,291)	(325,823)
other expenses		(804,366)	(892,060)
results from operating activities		**(1,302,157)**	**(1,172,097)**
finance income	11	4,234	2,060
net finance cost		**4,234**	**2,060**
loss before tax		(1,297,923)	(1,170,037)
loss from continuing operations		**(1,297,923)**	**(1,170,037)**
other comprehensive income		0	0
total comprehensive loss for the year	10	(1,297,923)	(1,170,037)
loss per share			
basic loss per share	17	(0.021)	(0.019)
diluted loss per share	17	(0.021)	(0.019)

The notes on page 15 to 39 form part of these consolidated financial statements.

consolidated statement of changes in equity

for the year ended 31 December 2015

in united states dollars	share capital ordinary shares	share capital deferred shares	share premium	capital contribution reserve	share options reserve	accumulated deficit	total equity
balance as at 28 February 2014	**6,340,370**	**0**	**24,110,882**	**555,110**	**605,808**	**(31,250,496)**	**361,674**
issue of ordinary shares	744,995	0	1,606,996	0	0	0	**2,351,991**
Issue if deferred shares	(6,077,013)	6,077,013	0	0	0	0	**0**
loss for the year	0	0	0	0	0	(1,170,037)	**(1,170,037)**
balance as at 31 December 2014	**1,008,352**	**6,077,013**	**25,717,878**	**555,110**	**605,808**	**(32,420,533)**	**1,543,628**
loss for the year	0	0	0	0	0	(1,297,923)	**(1,297,923)**
balance as at 31 December 2015	**1,008,352**	**6,077,013**	**25,717,878**	**555,110**	**605,808**	**(33,718,456)**	**245,705**

Restated – refer to note 16 for details of restatement
The notes on page 15 to 39 form part of these consolidated financial statements.

consolidated statement of cash flows

for the year ended 31 December 2015

in united states dollars	**year ended 31 December 2015**	**10 months ended 31 December 2014**
cash flow from operating activities		
loss for the year	(1,297,923)	(1,170,037)
adjusted for:		
- depreciation	12,397	14,038
- interest received	(4,234)	(2,060)
changes in:		0
- trade and other receivables	9,011	8,053
- trade and other payables	(42,040)	(257,186)
net cash used in operating activities	**(1,322,789)**	**(1,407,192)**
cash flow from investing activities		
interest received	4,234	2,060
acquisition of property, plant and equipment	0	(2,869)
net cash used in / (from) investing activities	**4,234**	**(809)**
cash flow from financing activities		
proceeds from issue of ordinary share capital	0	2,351,991
net cash from financing activities	**0**	**2,351,991**
net (decrease)/increase in cash and cash equivalents	**(1,318,555)**	**943,990**
cash and cash equivalents at beginning of the year	1,563,085	**619,095**
cash and cash equivalents at end of the year	**244,530**	**1,563,085**

The notes on page 15 to 39 form part of these consolidated financial statements.

1. **reporting** entity

The consolidated financial statements ('the financial statements') for the year ended 31 December 2015 comprise Goldstone Resources Limited (the '*Company*') and its subsidiaries Goldstone Akrokerri (Ghana) Limited and Goldstone Resources Limited Gabon S.A.R.L. (together referred to as the '*Group*'). The *Company* is a public limited company, which is quoted on the AIM market of London Stock Exchange plc 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), as adopted by the European Union, and applicable legal and regulatory requirements of Jersey law and the AIM rules of the London Stock Exchange.

(b) **going** concern

The financial statements have been prepared on the basis that the *Group* is a going concern. The Group is engaged in exploration activities which have not yet generated income streams and the *Group* continues to be loss making.

The *Group* has a year-end cash position of US$0.24 million (2014: US$1.56 million) and its cash flow forecasts indicate that even though the *Group* has put measures in place to preserve cash resources and minimise cash burn rate through cost reduction, and has the ability to continue to do so in the future, it is reliant on procuring funding to continue in operational existence. The economic climate and market conditions which have been prevalent in the small cap mining industry, may continue to adversely affect the Group's ability to procure funding, to conduct meaningful exploration activities.

The *Group* has been able to secure funding to provide the necessary funds to advance the *Group*. Stratex International PLC ('Stratex'), the company's largest shareholder, has provided the *Group* with a short term loan facility of US$0.35 million due on 31 December 2016 (See note 27, Subsequent Events). Beyond this initial loan facility amount of US$0.35 million Stratex is not legally committed to provide any additional financing to the *Group*, although the directors (some of whom are common directors of Stratex) believe that Stratex will continue to provide ongoing financial support, as set out in the letter from Stratex confirming that it would provide financial support to the *Company* for a period of 12 months from the date of signing these accounts (for the avoidance of doubt, this is not a legal commitment).

Due to the fact that the *Group* is loss making and currently generating no revenue, and due to the challenging market conditions in the small cap mining industry, there is a material uncertainty in relation to whether the *Group* will be able to procure all of the necessary funding it requires to provide working capital and conduct meaningful exploration activities into the foreseeable future. This material uncertainty may give rise to significant doubt over the *Group's* ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, notwithstanding this material uncertainty, given that the directors have a reasonable expectation, for the reasons set out above, that additional financing will be received, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that may be required if they were prepared on a basis other than going concern.

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

(c) **basis** of presentation

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* subsidiaries are measured using the currency of the primary economic environment in which the entity operates (its functional currency). These consolidated financial statements are presented in United Stated Dollars, which is the *Company's* functional and 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 prevailing at the date of 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, involving estimations, 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.

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 relate to:

(i) valuation of share options

As described in 6(a) and note 18, the fair value of options or warrants granted is 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 31 December 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.

Consolidation of a subsidiary begins when the *Company* obtains control over the subsidiary and ceases when the *Company* loses 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*.

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

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

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 in 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 or 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.

3. significant accounting policies (continued)

(c) financial instruments (continued)

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.

(iv) deferred shares

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

(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.

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

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

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) **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 of an asset exceeds its recoverable amount.

(f) **short-term** employee benefits

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

(g) **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. There has been no revenue generated in the current year as prior periods.

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

(h) **operating** leases

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

(i) **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.

(j) **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.

(k) **exploration** costs

Exploration costs that include the costs associated with the licences, are expensed until the commercial viability of a project has been proven.

(l) **other** income and expense

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

(m) **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).

(m) **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 accruals 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. The *Group* does not currently hold any interest in jointly controlled assets and liabilities.

(n) **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 period, 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

Annual Improvements to IFRSs 2010 – 2012 Cycle	The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 – 2012 Cycle for the first time in the current year. The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements. However, the amendments to IFRS 8 Operating Segments - Aggregation of operating segments and IAS 24 Related Party Disclosures - Key management personnel represent changes to existing requirements. The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
Annual Improvements to IFRSs 2011 – 2013 Cycle	The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2011 – 2013 Cycle for the first time in the current year. The amendments are in the nature of clarifications rather than substantive changes to existing requirements. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

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

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	The Group has adopted the amendments to IAS 19 Defined Benefit Plans: Employee Contributions for the first time in the current year. The amendments to IAS 19 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments require the Group to account for employee contributions as follows: • Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans. • Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Group recognises the reduction in the service cost in the period in which the related services are rendered. These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and [in some cases] had not yet been adopted by the EU:

standard / interpretation	
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (amendments)	Disclosure Initiative
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment Entities: Applying the Consolidation Exemption
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures .Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

6. **determination** of fair values

Certain 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, exploration and corporate, 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 Operating segments, 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 licences (Ghana), the Manso Amenfi licence (Ghana), the Sangola licence (Senegal), the Oyem licence (Gabon) and the Ngoutou licence (Gabon). Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

There are varying levels of integration between the corporate segment and the combined exploration activities, which include resources spent and accounted for as corporate expenses that relate to furthering the exploration activities of individual licences.

information about reportable segments for the year ended 31 December 2015

in united states dollars	**exploration**	**corporate**	**total**
reportable segment expenditure	**(525,291)**	**(804,366)**	**(1,329,658)**
reportable segment loss	(497,791)	(800,132)	(1,297,923)
finance income	0	4,234	4,234
depreciation	(5,000)	(7,397)	(12,397)
reportable segment assets	**11,975**	**242,577**	**254,552**
reportable segment liabilities	**0**	**(8,847)**	**(8,847)**

information about reportable segments for the 10 months ended 31 December 2014

in united states dollars	**exploration**	**corporate**	**total**
reportable segment expenditure	**(325,823)**	**(892,060)**	**(1,217,883)**
reportable segment loss	(280,037)	(890,000)	(1,170,037)
finance income	0	2,060	2,060
depreciation	(5,000)	(9,035)	(14,035)
reportable segment assets	**31,398**	**1,563,117**	**1,594,515**
reportable segment liabilities	**(13,785)**	**(37,102)**	**(50,887)**

7. **operating** segments**(continued)**

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

in united states dollars	**year ended December 2015**	**10 months ended December 2014**
revenues		
total revenue for reportable segments	0	0
consolidated revenue	**0**	**0**
loss		
total loss for reportable segments	1,297,923	1,170,037
consolidated loss from continuing operations	**1,297,923**	**1,170,037**
assets		
total assets for reportable segments	254,552	1,594,515
consolidated total assets	**254,552**	**1,594,515**
liabilities		
total liabilities for reportable segments	(8,847)	(50,887)
consolidated total liabilities	**(8,847)**	**(50,887)**

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			
finance income	4,234	0	4,234
depreciation	(12,397)	0	(12,397)

8. **sundry** income

During the year under review, the *Group* recouped certain exploration expenses incurred relating to property leasing charges.

9. deposits

At year end, payments made of US$912 were held by third parties for rental deposits.

10. operating loss for the year

The operating loss is stated after charging:

in united states dollars	**year ended December 2015**	**10 months ended December 2014**
auditor's remuneration	27,638	19,883
depreciation	12,397	14,038
foreign exchange difference	81,491	61,259
directors' remuneration: executive (received in cash) – J Wessels	162,500	104,083
directors' remuneration: executive (issued in shares) – J Wessels	0	28,875
directors' remuneration: non-executive – C Hall	22,922	0
directors' remuneration: non-executive – N Gardyne	19,173	0
directors' remuneration: non-executive – JG Best	0	39,778

11. finance income

in united states dollars	**year ended December 2015**	**10 months ended December 2014**
interest received from financial institutions	4,234	2,060

12. trade and other receivables

in united states dollars	**December 2015**	**December 2014**
other receivables	0	2,506
payments made in advance and deposits (see note 9)	912	7,417
total	**912**	**9,923**

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	December 2015 cost	December 2015 accumulated depreciation	December 2015 carrying value	December 2014 cost	December 2014 accumulated depreciation	December 2014 carrying value
gold samples	4,570	0	4,570	4,570	0	4,570
computer equipment	57,027	(55,996)	1,031	57,027	(53,416)	3,611
office equipment	106,894	(104,218)	2,676	106,894	(99,401)	7,493
field/geological equipment	56,228	(56,228)	0	56,228	(56,228)	0
motor vehicles	20,000	(19,167)	833	20,000	(14,167)	5,833
total	**244,719**	**(235,609)**	**9,110**	**244,719**	**(223,212)**	**21,507**

reconciliation of property, plant and equipment – December 2015

in united states dollars	carrying value balance	depreciation	carrying value ending balance
gold samples	4,570	0	4,570
computer equipment	3,611	(2,580)	1,031
office equipment	7,493	(4,817)	2,676
field/geological equipment	0	0	0
motor vehicles	5,833	(5,000)	833
total	**21,507**	**12,397**	**9,110**

reconciliation of property, plant and equipment – December 2014

in united states dollars	carrying value balance	additions	depreciation	carrying value ending balance
gold samples	4,570	0	0	4,570
computer equipment	6,297	0	(2,686)	3,611
office equipment	10,976	2,869	(6,352)	7,493
field/geological equipment	0	0	0	0
motor vehicles	10,833	0	(5,000)	5,833
total	**32,676**	**2,869**	**14,038**	**21,507**

14. taxation

The Company is subject to Jersey income tax at the rate of 0%. The 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 (December 2014: US$ Nil) and hence no additional tax disclosures have been provided.

15. cash and cash equivalents

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

in united states dollars	December 2015	December 2014
Sterling	125,168	1,367,905
US Dollars	37,137	57,975
South African Rand	75,817	127,704
Ghana Cedis	6,319	238
West African CFA Francs	89	9,263
total	244,530	1,563,085

16. capital and reserves

(a) share capital

	December 2015	December 2014
ordinary shares		
called up, allocated and fully paid		
in issue at 1 January	£622,864	£3,891,377
issued for cash	0	£462,259
transferred to deferred shares on consolidation	0	(£3,730,772)
in issue at 31 December – fully paid 62,286,363 (December 2014: 62,286,363) ordinary 1 pence shares	£622,864	£622,864
converted to united states dollars at date of issue	$1,008,352	$1,008,352
deferred shares		
called up, allocated and fully paid		
in issue at 1 January	£3,730,772	0
issued on share consolidation	0	£3,730,772
in issue at 31 December – fully paid 414,530,304 (December 2014: 414,530,304) deferred 0.9 pence shares	£3,730,772	£3,730,772
converted to united states dollars at date of issue	$6,077,013	$6,077,013
Authorised		
1,000,000,000 (December 2014 restated: 1,000,000,000) authorised ordinary 1 pence shares	£10,000,000	£10,000,000

(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*.

16. capital and reserves (continued)

(c) deferred shares

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

(d) issue and consolidation of ordinary shares

No shares were issued during the year under review (2014: 46,225,866). The value received for the share issuance in 2014 was US$2,351,991. On 30 October 2014 the Company effected the sub-division and 1 for 10 consolidation of the Company's issued ordinary shares into new ordinary shares and deferred shares.

Restatement:
The deferred shares issued as part of the share consolidation have been reclassified from the capital contribution reserve to share capital in the current year. The prior year comparative has also been restated. The authorised share capital in the table in 16(a) has also been restated to reflect both the ordinary and deferred shares.

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

(e) 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 31 December 2015 was based on the losses attributable to ordinary shareholders of US$1,297,923 (2014: US$ 1,170,037), and an average number of ordinary shares in issue of 62,286,363 (2014: 62,286,363).

in united states dollars	**2015**	**2014**
loss attributable to shareholders	(1,297,923)	(1,170,037)
weighted average number of ordinary shares	62,286,363	62,286,363
basic loss per share	**(0.021)**	**(0.019)**

17. loss per share (continued)

(b) diluted loss per share

The calculation of diluted loss per share at 31 December 2015 was based on the losses attributable to ordinary shareholders of US$ 1,297,923 (2014: US$ 1,170,037), and an average number of ordinary shares in issue after adjustment for the effect of all dilutive potential ordinary shares of 62,286,363 (2014: 62,286,363).

in united states dollars	**2015**	**2014**
loss attributable to shareholders	(1,297,923)	(1,170,037)
weighted average number of ordinary shares	62,286,363	62,286,363
diluted loss per share	**(0.021)**	**(0.019)**

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

in number of shares	**2015**	**2014**
share options	420,000	1,370,000
warrants	2,083,333	2,265,083

18. share based payment arrangements

At 31 December 2015, 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 the *Company* may, at its discretion, grant options to eligible employees, including Directors, of the *Company* or any of its subsidiaries, to subscribe for shares in the *Company* at a price not less than the higher of (i) the closing price of the shares of the *Company* on the Stock Exchange on the date of grant of the particular option or (ii) the nominal value of the shares.

There were no market conditions within the terms of the grant of the options therefore the main vesting condition for all the options awarded was that the director or employee remained contracted to the *Group* at the date of exercise. The movement on share options and their weighted average exercise price are as follows for the reporting periods presented.

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

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

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 31 March 2011	90,000	100.0p	31 March 2012
on 31 March 2011	90,000	120.0p	31 March 2013
on 31 March 2011	90,000	140.0p	31 March 2014
options granted to senior employees and other directors			
on 31 March 2011	50,000	90.0p	31 March 2012
on 27 September 2012	100,000	90.0p	6 February 2013
	420,000		

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.

On 30 October 2014 the *Company* effected the sub-division and 1 for 10 consolidation of the *Company's* issued ordinary shares into new ordinary shares and deferred rights, which resulted in the amendment of the number of instruments and exercise price of the options. The value of these options remains unchanged.

(b) **warrants**

On 30 October 2014, the *Group* granted 20,833,333 warrants with an exercise price of 7.0p vesting from 30 October 2014 up to 30 April 2016 to Stratex International Plc (a significant investor). No warrants have been exercised during the period under review and no warrants were exercised before the expiry date. See note 27, Subsequent events.

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

The fair value of the 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.

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

(c) **measurement** of fair value

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

	share options 27 September 2012	**share options 31 March 2011**
share price at grant	3.57p	7.85p
option exercise price	9p	6.50p – 14.00p
expected life of options from exercise date	5 years	3 years
expected volatility	61.20%	61.20%
expected dividend yield	0.00%	0.00%
risk free rate	1.03%	1.03%
fair value per share option	0.41p - 0.55p	0.04p - 1.05p
exchange rate used	1.6466	1.6466

Volatility has been based on the *Group's* trading performance to 31 December 2015. The risk free rate has been determined based on 5 year government bonds. The exercise date is 1 year after vesting date.

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 the share options and warrants reserve was US$605,808 (December 2014: US$605,808).

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

No options were granted to directors and employees during the year under review.

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 December 2015	weighted average exercise price December 2015	number of options December 2014	weighted average exercise price December 2014
outstanding as at 1 January	1,370,000	77.00p	13,850,000	7.71p
exercised during the year	0	0	0	0
expired during the year	(950,000)	0	(150,000)	0
granted during the year	0	0	0	0
1 to 10 consolidation	0	0	(12,330,000)	0
outstanding at 31 December	**420,000**	**109.29p**	**1,370,000**	**77.00p**
exercisable at 31 December	**420,000**	**109.29p**	**1,370,000**	**77.00p**

No share options were granted during the period under review.

The options outstanding at 31 December 2015 have an exercise price in the range of 90.00p to 140.00p (2014: 30.00p to 140.00p) and a weighted average life of 1.48 years (December 2014: 1.67 years).

19. **trade** and other payables

in united states dollars	December 2015	December 2014
trade payables	8,847	50,887

The *Group's* exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20. 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, receivables 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. *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 receivables 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, which has established an appropriate liquidity risk management framework for the management of the *Group's* liquidity management requirements. The *Group* manages liquidity risk by continuously monitoring forecast and actual cash flows, and by preserving cash resources through minimising the cash burn out rate achieved through cost reduction. The financial liabilities of the *Group* are mainly creditors which are payable on demand, hence it is the opinion of the board that an analysis of liabilities by maturity dates is not appropriate.

(d) **market** risk

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

(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 (US$), South African Rand (ZAR), Ghana Cedis (GHS), West African CFA Francs (XAF), or Euro at the pre-agreed price and converted (if necessary) as soon as payment needs to occur. Currency conversions and provisions for expenditure are only made as soon as debts are due and payable. The *Group* is therefore exposed to currency risk in so far as its liabilities are incurred in South African Rand, Ghanaian Cedi and West African CFA Francs and fluctuations occur due to changes in the ZAR/GBP, ZAR/US$, GHS/US$ and XAF/US$ exchange rates. The *Group's* policy is not to enter into any currency hedging transactions.

The directors consider currency risk to be manifested in the expenditure made on a day to day basis in Sterling, 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 December 2015	reporting date spot rate December 2015	average rate December 2014	reporting date spot rate December 2014
Sterling for 1 US$	1.528	1.476	1.647	1.553
South African Rand for 1 US$	0.079	0.064	0.092	0.086
Ghana Cedis for 1 US$	0.266	0.260	0.320	0.312
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 31 December 2015 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 December 2014, albeit that the reasonably possible foreign exchange rate might have been different, as indicated below.

in united states dollars	equity strengthening December 2015	equity weakening December 2015	equity strengthening December 2014	equity weakening December 2014
Sterling 13% (2014: 13%)	856	(856)	783	(783)
South African Rand 20% (2014: 20%)	655	(655)	3,031	(3,031)
Ghana Cedis 10% (2014: 10%)	0	0	0	0
West African CFA Francs 10% (2014: 10%)	0	0	0	0
total	**1,511**	**(1,511)**	**3,814**	**(3,814)**

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 detailed in note 28, 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 *Group* 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 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 period ended, the Group holds a 10% interest in the Manso Amenfi prospecting licence and a 90% in the Homase prospecting licence. Under the terms of the agreements with Cherry Hill and Asasemu, the Group has the right to earn an interest in the Licences respectively of up to 100% (post an agreed buy-out) and 85% (post expending funds towards exploration costs or reaching certain exploration targets).

23. **related** parties

The interests of the Directors, during 2015, in the share capital of the *Group*, whether beneficial or non-beneficial, are as follows:

	ordinary shares under option December 2015	**ordinary shares under option December 2014**
JH Wessels	270,000	760,000

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 December 2015	ownership interest December 2014
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 meets 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 *Group'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 issue new shares.

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

27. **subsequent** events

Following the period end, the Company attained renewal of the licences of Homase/Akrokeri for a period up to July 2017.

The option granted to Stratex to exercise 20,833,333 warrants as detailed in note 18(b) expired on the 27 April 2016 and was not exercised.

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

The Group continues to be supported by Stratex, who made an initial loan available of up to US$100,000 in April 2016, which was subsequently increased to US$350,000 on 6 June 2016. To date, US$250,000 of the loan has been drawn down. The loan is unsecured, bears interest a rate of 5% per annum, and is repayable by 31 December 2016 or such other date as agreed by the lender, provided that this is not later than 31 March 2017.

A restructure of the board resulted in Jurie Wessels resigning on 18 February 2016. A settlement of US$125,869 was reached with Jurie Wessels on 3 June 2016. Emma Priestley, an executive director of Stratex, and a previous director of the Company, was appointed as interim Chief Executive Officer of the Company on 18 February 2016.

In April 2016, Unity Mining Plc entered into a binding agreement for the disposal of its ordinary shares of 1.0 pence each in the capital of the Company, for an aggregate consideration of £225,000. The Company was also notified that as a result of the transaction with Unity Mining Plc (‘Unity’), Metal Tiger Plc (an existing shareholder), and Red Rock Resources Plc purchased 8,256,586 and 6,006,587 shares in the Company respectively. Following the disposal by Unity, Kerry Parker, Unity’s representative on the Board, resigned on 31 May 2016.

28. **operating** lease arrangement

A new operating lease was entered into on 1 March 2014 for 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	**December 2015**	**December 2014**
Minimum lease payments	27,038	15,026

Non-cancellable operating lease commitments	**December 2015**	**December 2014**
Not later than 1 year	0	4,120
Later than 1 year and not later than 5 years	0	0