Goldstone Resources Limited

Report and Consolidated Financial Statements

for the 10 months ended

31 December 2014

contents

general information

director details:

JH Wessels
C Hall (appointed 30 October 2014)
A McIlwain
B Foster (appointed 30 October 2014)
H Schloemann (resigned 30 October 2014)
JG Best (resigned 30 October 2014)
BC Hill (resigned 30 October 2014)
E Priestley (appointed 30 October 2014, resigned 28 November 2014)
N Gardyne (appointed 12 March 2015)

published:

17 June 2015

auditor:

Deloitte LLP
PO Box 403
44 Esplanade
St Helier
Jersey
JE4 8WA

registered office:

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

chairman's report

I am pleased to address Goldstone shareholders for the first time as Chairman of the Company following the purchase of a 33.45% equity interest by Stratex International plc ("Stratex") a company which I also chair.

2014 has been a year of significant change.

I was only appointed to the board of Goldstone (the "Board") on completion of the placement to Stratex which raised £1.25 million in October 2014 ("Stratex Investment"). I would like to acknowledge the contribution made by the former Chairman, Jonathan Best, and Directors, Hendrik Schloemann and Benjamin Hill, who both stood down on completion of the Stratex Investment to enable the Board to be restructured at that time. Hendrik remained with the Company as Exploration Executive until the end of May 2015 and I would like to thank him for his input during this time.

I would also like to welcome Neil Gardyne who was appointed 12 March 2015 to the board to replace Emma Priestley. Emma was nominated to the Board by Stratex at the time of the Stratex Investment but subsequently resigned on her appointment to the board of Stratex, a development which unfortunately undermined her position as an independent non-executive director. Neil has had a distinguished career in the mining industry in Africa, most recently with the New Africa Mining Fund and we welcome his experience.

As noted below in the Chief Executive's report, our exploration activity during the year was constrained by a lack of funds, and much of the time was taken up with negotiating and closing the Stratex Investment.

On completion of the Stratex Investment and with an agreement to concentrate on Ghana, where the Company already has a JORC Code compliant resource, we undertook a root and branch review of the Company's database, including its own work and that of previous operators of the Homase/Akrokerri project.

By pooling our existing knowledge base and with the assistance of an outside consultant with many years' experience in West Africa, it was decided to undertake a limited programme of pitting at Homase/Akrokerri to gain a better understanding of the weathering profile across the project. We then built on this more detailed knowledge to plan and undertake an auger sampling programme, which was completed in April 2015, over areas which were prospective for additions to the known mineral resource. The results of this programme gave us higher quality anomalies, mostly at the base of the overburden, which are expected to be more indicative of underlying mineralisation than earlier soil sampling.

We have reviewed the results of the auger sampling programme and after some infill augering, we plan initially to drill two of the anomalies to the southwest of the current resource on a continuation of the structural trend linking Akrokerri with Obuasi.

We have redefined our strategy in Ghana to concentrate on delineating additional near surface, oxide resources which would be easier to process. We have also had discussions with other operators in the area to determine if a critical mass of oxide resources could be accumulated through co-operation but there is no progress to report as yet.

We have reviewed the potential for the discovery of deeper, 'blind', higher grade underground ore shoots which form the basis for operations at the nearby Obuasi mine of AngloGold Ashanti. There are already indications of such shoots and we have discussed the possibility of carving out a deep target project although these discussions are at an early stage. With a higher gold price these potential deeper shoots could offer a very attractive longer-term future for the project.

With the emphasis on Ghana there has been no material work on our properties in Senegal and Gabon. Efforts continue to bring in joint venture partners to fund further work on these projects.

Since the year end we have concluded negotiations with our partner at Homase, Cherry Hill Mining Company Ltd ("Cherry Hill"), to immediately increase our interest from 65% to 90% at a cost of US$25,000. This excellent development is described in more detail by the CEO but we value the continuing involvement of our partner at Homase and are pleased that they will retain a 10% interest.

The market for exploration shares remains depressed and investors, whether retail or institutional, continue to be averse to the perceived risks of gold exploration. We have sufficient funds to undertake the near surface drilling for extensions to the Company's existing oxide resource in respect of the Homase/Akrokerri project. However any major new exploration initiatives will be dependent on an improvement in the market at which time equity or other financing could be considered.

We welcome the involvement of our new strategic investor, Stratex, and with the continued support from Unity Mining Ltd, the restructured Board and the management, who has coped well with significant transition, I look forward to reporting developments on a number of fronts over the rest of the year.

Christopher Hall
Chairman

chief executive officer's report

Introduction

On 15 January 2015 the Company announced that the financial year end of the Company had changed from 28 February to 31 December and accordingly, I am pleased to be providing an overview of the Company's performance in the 10 months ended 31 December 2014 and an update on events since the year end.

During the reporting period, activity was dominated by the finalisation of the proposed investment by Stratex, which was completed on 30 October 2014 and that raised gross proceeds of £1.25 million through the issue of 20,833,333 new ordinary shares after a 1 for 10 consolidation at a price of 6 pence per share. Prior to completion of the Stratex Investment, operational activities for the period remained constrained and were largely restricted to keeping the licences in good standing.

Stratex Investment

On 21 July 2014 the Company announced a subscription by Stratex to raise £1.25 million through the issue of 20,833,333 new ordinary shares at a price of 6 pence per share. The subscription completed in October 2014 following approval of the Company's independent shareholders to the waiver of obligations imposed on Stratex under Rule 9 of the City Code on Takeovers and Mergers and a 1 for 10 consolidation of the Company's share capital. Under the terms of the Stratex Investment, Stratex was also issued 20,833,333 warrants to subscribe for ordinary shares at a price of 7 pence per share, exercisable at any time for a period of 18 months from 30 October 2014. Stratex currently holds 33.45% of the voting rights in the Company and if Stratex were to exercise all of its warrants, its resulting interest in ordinary shares would then represent 50.13% of the Company's then enlarged share capital.

Senegal (Sangola)

In early 2014, as part of the Company's joint venture with Randgold Resources Ltd ("Randgold") on the Sangola licence, Randgold completed a 10,000m drilling program at four of the eight prospects identified by the Company. Subsequent to this drilling program, in April 2014 the joint venture with Randgold was terminated with Randgold holding the opinion that the licence is prospective for smaller or lower grade deposits but short of meeting their internal exploration requirements of establishing a 3 million ounce deposit at 3 g/t Au. The four further conceptual regional target areas identified by the joint venture and the follow up work on results already attained, remains to be explored by GoldStone.

Gabon projects (Oyem and Ngoutou)

The Oyem and Ngoutou licences contain 15km gold-in-soil anomalies with favourable geophysics and significant artisanal gold workings. Early results from only three diamond drill holes (totalling 535m) included 16m @ 1.3 g/t (including 2m @ 5.6 g/t), 33.5m @ 0.4 g/t and 32m @ 0.4 g/t. Further exploration is necessary to determine the full potential of this licence area.

At Oyem, only 400m of the 15km long Oyem gold-in-soil anomaly was 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.

Ghana projects

The Company's Homase/Akrokerri project is located in gold fertile terrain right in the middle of the Ashanti Gold Belt. It abuts Anglo Gold Ashanti's Obuasi permit where approximately 27Moz Au is yet to be mined and processed from underground, surface and tailing sources.

The Homase/Akrokerri project has a JORC Code ("The Australasian Code for Reporting on Exploration Results, Mineral resources and Ore reserves") compliant mineral resource of 10.6 million tonnes at an average grade of 1.77 g/t Au for 602,000 oz Au.

As detailed below, subsequent to the period end, the Company's geological team completed a review of all historical and Company exploration data and conducted a 1,332 hole auger program which was completed in early April 2015 with promising results.

Following the acquisition of up to 90% of the Homase license (details of which is included hereunder) and the Company's present interest of 100% in the Akrokerri licence through its wholly owned Ghanaian registered subsidiary, GoldStone currently owns 93% of the existing JORC Code resource of 602,000 oz Au.
At the Manso Amenfi project, trenching results were analysed but were found to be inconclusive.

Changes to the Board

The Company welcomed Christopher Hall and Dr. Bob Foster to the Board as Non-executive Directors with effect from 30 October 2014. Emma Priestley was also appointed as a Non-executive Director, but resigned shortly thereafter subsequent to her appointment as an executive director to the board of Stratex. These appointments followed the successful conclusion of the Stratex Investment.

With Neil Gardyne joining the Board as Non-executive Director after period end on 12 March 2015, the Board presently consists of Christopher Hall (Chairman), Bob Foster (Non-executive Director), Andrew McIlwain (Non-executive Director), Neil Gardyne (Non-executive Director) and myself as Managing Director and Chief Executive.

I have previously extended my thanks to Jonathan Best, Hendrik Schloemann and Benjamin Hill, all of whom stepped aside magnanimously, following the Stratex Investment, but I wish to reiterate my thanks to them for their significant contributions during their tenure of service to the Company.

Subsequent Events

Following the period end, the Company completed an auger sampling programme over eight high-priority gold targets close to and along strike from the Homase/Akrokerri gold deposit in April 2015. During the program, 1,332 auger holes were drilled to a maximum depth of 3m with results indicating the existence of two new zones of mineralisation, namely a 1,500m anomaly and an 800m anomaly immediately south west and along strike of the Homase/Akrokerri deposit. Both these prospects show promise to host additional bedrock gold mineralisation which may potentially add to the existing resource. Infill auger sampling was conducted to possibly define drill targets and results are awaited.

In early June 2015 the Company signed an addendum agreement with its Homase joint venture partner, Cherry Hill Mining. The import of the agreement is to expedite the increase of the Company's interest in the Homase licence to 90% from its previous interest of 65%. In return for US$25,000, the Company raised its interest in the Homase licence to 90%, thereby adding attributable mineral resources of 101,750 oz Au and clearing two significant contractual hurdles.

On 2 March 2015 the Company appointed Strand Hanson Limited as its Nominated Adviser and SI Capital Limited as its Broker.

Neil Gardyne was appointed as Non-executive Director to the Board on 12 March 2015.

Outlook

With a deepening of the bear cycle prevalent in the gold industry, the Company will continue to explore its licence areas by making optimal use of the financial resources at its disposal. The Homase/Akrokerri project will enjoy the bulk of the Company's financial attention due to its advanced status, and joint ventures with respect to the Company's other licence areas will be sought. Although cash resources are adequate to fund appreciable exploration and company working capital until year end the Board has to consider, as is the case with all non-income-producing exploration companies, to raising further funding with the purpose of progressing its projects but also to investigate potential opportunities for expansion in Ghana, all of which will be considered with due regard to the Company's existing assets and skill sets.

Jurie Wessels
Chief Executive Officer

The directors submit their report and consolidated financial statements ("the financial statements") for the 10 months ended to 31 December 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 31 December 2014, the *Company* has an issued share capital of 62,286,363 shares (February 2014: 389,137,771 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 5 to 6.

going concern

The *Company* is currently engaged in exploration activities which have not yet generated income streams. As such, the *Company* is dependent on procuring funding to continue in operational existence. The directors have put measures in place to preserve cash resources and minimise the cash burn rate through cost reduction. 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. There is therefore a material uncertainty in regard to whether the Company will procure the funding it requires; this uncertainty may give rise to significant doubt over the Company'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.

Following the Stratex placement through which the Company raised £1.25 million, the Company has sufficient cash reserves to continue in operation for the next 12 months however will need to raise more financing to continue in operation beyond this period. 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. Notwithstanding the above uncertainty, the directors therefore consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

results and dividends

The loss for the financial year is set out in the consolidated statement of comprehensive income on page 14. The directors do not recommend a dividend for the 10 months ended 31 December 2014 (February 2014: 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
JE4 8X

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

O Kruger
Secretary
17 June 2015

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 10 months ended 31 December 2014 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 issued by the International Accounting Standards Board (IASB).

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 31 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; 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 company is currently engaged in exploration activities which have not yet generated income streams. As such, the company 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 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

consolidated statement of financial position

as at 31 December 2014

in united states dollars		31 December 2014	28 February 2014
assets			
property, plant and equipment	13	21,507	32,676
non-current assets		**21,507**	**32,676**
trade and other receivables	12	9,923	17,976
cash and cash equivalents	15	1,563,085	619,095
current assets		**1,573,008**	**637,071**
total assets		1,594,515	669,747
equity			
share capital	16	1,008,352	6,340,370
share premium		25,717,878	24,110,882
capital contribution reserve		6,632,123	555,110
share options reserve		605,808	605,808
accumulated deficit		(32,420,533)	(31,250,496)
total equity		**1,543,628**	**361,674**
liabilities			
trade and other payables	19	50,887	308,073
current and total liabilities		**50,887**	**308,073**
total equity and liabilities		1,594,515	669,747

The consolidated financial statements were approved by the Board of Directors on 17 June 2015.
Signed on behalf of the Board

J Wessels
Director and Chief Executive Officer
The notes on page 17 to 40 form part of these consolidated financial statements.

consolidated statement of comprehensive income

for the 10 months ended 31 December 2014

in united states dollars		10 months ended 31 December 2014	year ended 28 February 2014
continuing operations			
sundry income	8	45,786	49,450
exploration expenses		(325,823)	(709,620)
other expenses		(892,060)	(1,036,654)
results from operating activities		**(1,172,097)**	**(1,696,824)**
finance income	11	2,060	983
net finance cost		**2,060**	**983**
loss before tax		(1,170,037)	(1,695,841)
loss from continuing operations		**(1,170,037)**	**(1,695,841)**
other comprehensive income		0	0
total comprehensive loss for the year	10	(1,170,037)	(1,695,841)
loss per share			
basic loss per share	17	(0.019)	(0.004)
diluted loss per share	17	(0.019)	(0.004)

The notes on page 17 to 40 form part of these consolidated financial statements.

consolidated statement of changes in equity

for the 10 months ended 31 December 2014

in united states dollars	**share capital**	**share premium**	**capital contribution reserve**	**share options reserve**	**accumulated deficit**	**total equity**
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**	**(31,250,496)**	**361,674**
issue of ordinary shares	744,995	1,606,996	0	0	0	**2,351,991**
Share consolidation: transfer to capital reserve	(6,077,013)	0	6,077,013	0	0	**0**
loss for the year	0	0	0	0	(1,170,037)	**(1,170,037)**
balance as at 31 December 2014	**1,008,352**	**25,717,878**	**6,632,123**	**605,808**	**(32,420,533)**	**1,543,628**

The notes on page 17 to 40 form part of these consolidated financial statements.

consolidated statement of cash flows

for the 10 months ended 31 December 2014

in united states dollars	**10 months ended 31 December 2014**	**year ended 28 February 2014**
cash flow from operating activities		
loss for the year	(1,170,037)	(1,695,841)
adjusted for:		
- depreciation	14,038	18,332
- interest received	(2,060)	(983)
- profit on sale of motor vehicle	0	(2,485)
changes in:	0	
- trade and other receivables	8,053	130,298
- trade and other payables	(257,186)	189,922
net cash used in operating activities	**(1,407,192)**	**(1,360,757)**
cash flow from investing activities		
interest received	2,060	983
disposal of property, plant and equipment	0	4,396
acquisition of property, plant and equipment	(2,869)	(5,235)
net cash used in / (from) investing activities	**(809)**	**144**
cash flow from financing activities		
proceeds from issue of ordinary share capital	2,351,991	1,347,853
net cash from financing activities	**2,351,991**	**1,347,853**
net increase/(decrease) in cash and cash equivalents	**943,990**	**(12,760)**
cash and cash equivalents at beginning of the year	**619,095**	631,855
cash and cash equivalents at end of the year	**1,563,085**	**619,095**

The notes on page 17 to 40 form part of these consolidated financial statements.

notes to the consolidated financial statements

1. reporting entity

The consolidated financial statements ('the financial statements') for the 10 months ended 31 December 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 *Company* is currently engaged in exploration activities which have not yet generated income streams. As such, the *Company* is dependent on procuring funding to continue in operational existence. The directors have put measures in place to preserve cash resources and minimise the cash burn rate through cost reduction. 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. There is therefore a material uncertainty in regard to whether the Company will procure the funding it requires; this uncertainty may give rise to significant doubt over the Company'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.

Following the Stratex placement through which the Company raised £1.25 million, the Company has sufficient cash reserves to continue in operation for the next 12 months however will need to raise more financing to continue in operation beyond this period. 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. Notwithstanding the above uncertainty, the directors therefore 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 period, 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 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.

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* 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*.

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 of 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 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

Amendments to IFRS 10, IFRS 12 and IAS 27Investment Entities	The Group has adopted the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries, but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

4. adoption of new and revised standards (continued)

(a) standards affecting the financial statements (continued)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	The Group has adopted the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	The Group has adopted the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the Group does not have any derivatives that are subject to novation, the adoption of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
IFRIC 21 Levies	The Group has adopted IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation 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

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 IAS 32 Offsetting financial assets and financial liabilities	The Group has adopted the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off', and simultaneous realisation and settlement'. As the Group does not have any financial assets and financial liabilities that qualify for offset, the adoption of the amendments has had no 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 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 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 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 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 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)**

information about reportable segments for the year ended 28 February 2014

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)
finance income	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	**10 months ended December 2014**	**year ended February 2014**
revenues		
total revenue for reportable segments	0	0
consolidated revenue	**0**	**0**
loss		
total loss for reportable segments	1,170,037	1,695,841
consolidated loss from continuing operations	**1,170,037**	**1,695,841**
assets		
total assets for reportable segments	1,594,515	669,747
consolidated total assets	**1,594,515**	**669,747**
liabilities		
total liabilities for reportable segments	(50,887)	(308,073)
consolidated total liabilities	**(50,887)**	**(308,073)**

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	2,060	0	2,060
depreciation	14,038	0	14,038

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$5,213 and US$8 were held by third parties on leasing charges and office equipment rental respectively, while US$2,196 was paid in advance.

10. operating loss for the 10 months / year

The operating loss is stated after charging:

in united states dollars	**10 months ended December 2014**	**year ended February 2014**
auditor's remuneration	19,883	19,355
depreciation	14,038	18,332
foreign exchange difference	61,259	(23,722)
directors' remuneration: executive (received in cash)	104,083	216,125
directors' remuneration: executive (issued in shares)	28,875	216,125
directors' remuneration: non-executive	39,778	0

11. finance income and finance costs

in united states dollars	**10 months ended December 2014**	**year ended February 2014**
interest received from financial institutions	2,060	983

12. trade and other receivables

in united states dollars	**December 2014**	**February 2014**
other receivables	2,506	7,454
payments made in advance and deposits (see note 9)	7,417	10,522
total	**9,923**	**17,976**

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 2014 cost	December 2014 accumulated depreciation	December 2014 carrying value	February 2014 cost	February 2014 accumulated depreciation	February 2014 carrying value
gold samples	4,570	0	4,570	4,570	0	4,570
computer equipment	57,027	(53,416)	3,611	57,027	(50,730)	6,297
office equipment	106,894	(99,401)	7,493	104,025	(93,049)	10,976
field/geological equipment	56,228	(56,228)	0	56,228	(56,228)	0
motor vehicles	20,000	(14,167)	5,833	20,000	(9,167)	10,833
total	**244,719**	**(223,212)**	**21,507**	**241,850**	**(209,174)**	**32,676**

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**

reconciliation of property, plant and equipment – February 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**

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 (February 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 period end was made up of balances in the following currencies:

in united states dollars	December 2014	February 2014
Sterling	1,367,905	404,213
US Dollars	57,975	64,399
South African Rand	127,704	141,345
Ghana Cedis	238	1,762
West African CFA Francs	9,263	7,376
total	1,563,085	619,095

16. capital and reserves

(a) share capital

	December 2014	February 2014
called up, allocated and fully paid		
in issue at 1 March	£3,891,377	£3,198,567
issued for cash	£462,259	£692,810
transferred to capital reserve on consolidation	(£3,730,772)	0
in issue at 31 December – fully paid 62,286,363 (February 2014: 389,137,771) ordinary 1 pence shares	£622,864	£3,891,377
converted to united states dollar at date of issue	$1,008,352	$6,340,370
authorised		
500,000,000 (February 2014: 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 and consolidation of ordinary shares

During the year, the *Company* issued a total of 46,225,866 (February 2014: 69,281,033) new ordinary shares, all of which rank pari passu with the existing ordinary shares. The value received for the share issuance was US$2,351,991 (February 2014: US$1,081,205). 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.

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 31 December 2014 was based on the losses attributable to ordinary shareholders of US$ 1,170,037 (2014: US$ 1,695,841), and an average number of ordinary shares in issue of 62,286,363 (February 2014: 389,137,771).

in united states dollars	**December 2014**	**February 2014**
loss attributable to shareholders	(1,170,037)	(1,695,841)
weighted average number of ordinary shares	62,286,363	389,137,771
basic loss per share	**(0.019)**	**(0.004)**

(b) diluted loss per share

The calculation of diluted loss per share at 31 December 2014 was based on the losses attributable to ordinary shareholders of US$ 1,170,037 (February 2014: US$ 1,695,841), and an average number of ordinary shares in issue after adjustment for the effect of all dilutive potential ordinary shares of 62,286,363 (February 2014: 389,137,771).

in united states dollars	**December 2014**	**February 2014**
loss attributable to shareholders	(1,170,037)	(1,695,841)
weighted average number of ordinary shares	62,286,363	389,137,771
diluted loss per share	**(0.019)**	**(0.004)**

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

in number of shares	**December 2014**	**February 2014**
share options	1,370,000	13,850,000
warrants	2,265,083	0

18. share based payment arrangements

At 31 December 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	170,000	30.0p	22 February 2011
on 27 June 2011	170,000	50.0p	22 August 2011
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 27 June 2011	170,000	30.0p	22 February 2011
on 27 June 2011	170,000	50.0p	22 August 2011
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
on 31 March 2011	50,000	90.0p	31 March 2012
on 27 September 2012	100,000	90.0p	6 February 2013
	1,370,000		

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 shares, 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. No warrants have been exercised during the period under review.

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

(d) expense recognised in profit and loss

No options were granted to directors and employees during the period 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 2014	weighted average exercise price December 2014	number of options February 2014	weighted average exercise price February 2014
outstanding as at 1 March	13,850,000	7.71p	17,850,000	6.74p
exercised during the year	0	0	0	0
expired during the year	(150,000)	0	(4,000,000)	0
granted during the year	0	0	0	0
1 to 10 consolidation	(12,330,000)	0	0	0
outstanding at 31 December (28 February)	**1,370,000**	**77.00p**	**13,850,000**	**7.71p**
exercisable at 31 December (28 February)	**1,370,000**	**77.00p**	**12,050,000**	**6.78p**

No share options were granted during the period under review.

The options outstanding at 31 December 2014 have an exercise price in the range of 30.00p to 140.00p (February 2014: 3.0p to 14.0p) and a weighted average life of 1.67 years (February 2014: 2.34 years).

19. **trade** and other payables

in united states dollars	**December 2014**	**February 2014**
trade payables	50,887	308,073

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, 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 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 December 2014	**reporting date spot rate December 2014**	**average rate February 2014**	**reporting date spot rate February 2014**
Sterling for 1 US$	1.647	1.553	1.577	1.675
South African Rand for 1 US$	0.092	0.086	0.100	0.093
Ghana Cedis for 1 US$	0.320	0.312	0.463	0.391
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 2014 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 February 2014, albeit that the reasonably possible foreign exchange rate might have been different, as indicated below.

in united states dollars	**equity strengthening December 2014**	**equity weakening December 2014**	**equity strengthening February 2014**	**equity weakening February 2014**
Sterling 13% (Feb 2014: 13%)	783	(783)	2,330	(2,330)
South African Rand 20% (Feb 2014: 20%)	3,031	(3,031)	15,480	(15,480)
Ghana Cedis 10% (Feb 2014: 10%)	0	0	0	0
West African CFA Francs 10% (Feb 2014: 10%)	0	0	0	0
total	**3,814**	**(3,814)**	**17,810**	**(17,810)**

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 period ended, the Group holds a 10% interest in the Manso Amenfi licence and a 90% 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 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 in the share capital of the *Group*, whether beneficial or non-beneficial, are as follows:

	ordinary shares under option December 2014	**ordinary shares under option February 2014**
JH Wessels	760,000	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 December 2014	ownership interest February 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 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

Following the period end, the Company completed an auger sampling programme over eight high-priority gold targets close to and along strike from the Homase/Akrokerri gold deposit in April 2015. During the program, 1,332 auger holes were drilled to a maximum depth of 3m with results indicating the existence of two new zones of mineralisation, namely a 1,500m anomaly and an 800m anomaly immediately south west and along strike of the Homase/Akrokerri deposit. Both these prospects show promise to host additional bedrock gold mineralisation which may potentially add to the existing resource. Infill auger sampling was conducted to possibly define drill targets and results are awaited.

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

In early June 2015 the Company signed an addendum agreement with its Homase joint venture partner, Cherry Hill Mining. The import of the agreement is to expedite the increase of the Company's interest in the Homase licence to 90% from its previous interest of 65%. In return for US$25,000, the Company raised its interest in the Homase licence to 90%, thereby adding attributable mineral resources of 101,750 oz Au and clearing two significant contractual hurdles.

On 2 March 2015 the Company appointed Strand Hanson Limited as its Nominated Adviser and SI Capital Limited as its Broker.

Neil Gardyne was appointed as Non-executive Director to the Board on 12 March 2015.

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 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 2014**	**February 2014**
Minimum lease payments	15,026	44,876

Non-cancellable operating lease commitments	**December 2014**	**February 2014**
Not later than 1 year	4,120	21,551
Later than 1 year and not later than 5 years	0	3,876