Report and Financial Statements

28 February 2009

GOLDSTONE RESOURCES LTD.

Goldstone Resources Limited

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

DIRECTORS

J H Wessels
Dr H Schloemann
N P J van der Hoven

REGISTERED OFFICE

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GOLDSTONE RESOURCES LIMITED
(“GoldStone” or the “Company”)

Chief Executive’s Report

I set out below a review of the Company’s activities during the year ended 28 February 2009 which includes an update on the current status of the Company’s projects.

BAUXITE

GoldStone has, after a thorough review of all the exploration information at its disposal and in consideration of the potential interest shown in the Company’s Bauxite project, exercised its right to apply for eleven prospecting licences within the area of the reconnaissance permission.

The Guyana Geology and Mines Commission (“GGMC”) has informed the Company that it has approved the granting of eight of the prospecting licences applied for, all of which are situated in the prospective Kopinang district. The GGMC requires that the Company make arrangements to pay the yearly rental fee of approximately US$9,800 and to post Work Performance Bonds to the amount of US$66,000 before the licences are executed. The current economic climate, the Company’s cash resources and the potential outcome of discussions with a major participant in the bauxite industry will be considered by the Company before a decision is made to pursue the rights and duties applicable to the prospecting licences.

DR3-EAST URANIUM PROJECT AND LISTING

In June 2008 GoldStone conditionally agreed to acquire up to a 100 per cent. interest in the DR3-East Uranium Project owned by Hymrai Properties 1 (Pty) Ltd (“Hymrai”) (the “Acquisition Agreement”). Completion of the transaction with Hymrai was dependent upon (i) the receipt of approval by the South African Department of Minerals and Energy (“DME”), and (ii) the listing of GoldStone on AltX, the alternative exchange operated by the Johannesburg Stock Exchange (“JSE”). The transaction was approved by the DME in April 2009, which was much later than had been expected by the Company.

The listing of GoldStone on the AltX was to occur within a certain time limit set by the advisory committee of the JSE and was also subject to the JSE’s Listing Requirements. As a consequence of the late receipt of DME approval and in order to complete the listing process, GoldStone was required to make additional representations to the advisory committee of the JSE and to include further audited financial results. This would have caused further delay to the listing under circumstances where there was no certainty that the AltX would grant GoldStone the requisite approvals. As a result, the Board concluded that the uncertainty and delay caused by a further listing process would severely hamper the Company’s ability to acquire or be granted potential projects and therefore decided to no longer seek the listing on the AltX.

As result of the Board's decision not to continue with the listing process, the conditions of the Acquisition Agreement could not be met and therefore the Acquisition Agreement lapsed.

Any future acquisition of an interest in the DR3-East Uranium Project by the Company could only become effective if the transaction complies with the requirements of the South African Reserve Bank (“SARB”) as applicable to GoldStone. The requirements specify that GoldStone may only make an investment in the Southern African Development Community, such as in the DR3-East Uranium Project, if GeoQuest Holdings Ltd (“GeoQuest”), a major shareholder in GoldStone and a South African company, has divested of its interest in the Company or if GoldStone lists on a South African stock exchange. The Company therefore intends to explore with GeoQuest the potential for it to divest of its interest in Goldstone with a view to pursuing the acquisition of an interest in DR3 East Uranium Project.

GOLD

The Company has been assessing and reviewing palaeoplacer and hydrothermal gold prospects worldwide.

Mali

In June 2008 the Company was granted two (Baroya and Metedia) short term gold exploration permits in Mali, West Africa ("the Permits"). The Permits granted the Company exclusive exploration rights for a period of three months in order to evaluate the potential of the Permits and the exclusive right to apply for long term prospecting licences over the Permits once evaluative exploration has been conducted. GoldStone conducted exploration over the Permits and elected to exercise its exclusive right to apply for a prospecting licence over the Permits at the end of the three months exploration period by applying to the Malian Department of Mines and Geology ("DNGM") during August 2008. In addition and at the same time, the Company applied to the DNGM for a prospecting licence over the Yatia permit area which is an area adjacent to the Permits.

The Baroya, Metedia and Yatia permit areas ("the Permit Areas") are adjacent to one another, together occupying a total area of 15 km^2 and are close to the international border with Senegal in the south-western gold belt of Mali. The Permit Areas are within eight kilometres of the Tabakoto/Segala gold mine, which was recently re-commissioned by Avion Resources.

The Permit Areas have previously been explored by various Malian and international companies. The most recent report available from the DNGM for the Permit Areas was conducted in 2003 and indicated that exploration was discontinued on the Permit Areas during 2003 when the gold price was approximately US$350 per ounce and also before the Tabakoto gold mine entered into production.

Senegal

In May 2008, GoldStone lodged applications for three gold exploration permits in Senegal, West Africa. In order to expedite the granting of the most prospective permit area and after discussion with the Company's geological consultants, the Company decided to only pursue the Sangola (471 km^2) licence. This licence area contains potential hydrothermal gold mineralization. The Directors believe that this area has not been explored using modern techniques and accordingly may hold the potential for new gold discoveries. The Company expects this permit area to be granted shortly.

India

In June 2008, GoldStone applied for a licence to explore an identified sedimentary basin in one of the states of India where the Company hopes to find a Witwatersrand type palaeoplacer gold deposit. The Company's application is currently under consideration by the Indian authorities.

FINANCING

The Company's cash resources are currently approximately US$1.1 million.

BOARD

Dr. Lawrie Minter, Director of Geology of GoldStone, resigned from the Board of Directors of the Company on 28 February 2009 for personal reasons.

On 20 May 2009 Sir Michael Oliver, who was the Chairman of GoldStone, retired.

The Company would like to thank both Dr Minter and Sir Michael for their contribution to GoldStone and wish them every success in the future.

With effect from the same date Mr. Nico van der Hoven, who had been Chief Executive since the Company's admission to AIM in March 2004, was appointed as non-executive Chairman of GoldStone and Mr. Jurie Wessels, who had acted as the Company's Financial Director, was appointed Chief Executive Officer.

Dr Hendrik Schloemann remains as Director of Exploration and Business Development.

In order to save costs it was decided that no further appointments are to be made to the Board at this time and that Mr. Wessels will continue to fulfil the duties of Financial Director and Company Secretary.

OUTLOOK

In addition to the Company's potential prospects in West Africa and India, the executive directors of GoldStone are currently assessing the filing of applications in Gabon and are pursuing opportunities, all of which are in varying stages of development, in various African countries including Ghana, Kenya, South Africa and Tanzania.

APPROVAL

Dr. Hendrik Schloemann, who holds a PhD in geochemistry, has reviewed and approved the content of this announcement.

Jurie Wessels
Chief Executive Officer

24 August 2009

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended to 28 February 2009.

INCORPORATION
The Company was incorporated in Jersey as a private company under the Companies (Jersey) Law 1991 on 17 April 1998. The Company was changed from a private company to a public company on 16 March 2004. The Company was successfully admitted to AIM on 25 March 2004 with a placing of 22,400,000 ordinary 1p shares at 25p per share which raised £5.6 million, primarily from institutional investors. A further placing of 68,083,330 ordinary shares at 3p per share occurred on 12 October 2005, which raised £2,042,500. This money is used to continue the Company's activities in seeking new gold prospects.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS
The Company's principal activity is exploration and mining of gold and associated elements, which include silver, copper and uranium. The Directors are currently active in seeking new gold exploration opportunities internationally. A review of the Company's performance and indications of likely future development is included in the Chief Executive Officer's report on pages 2 to 4.

GOING CONCERN
The board of directors continually monitor available cash, the monthly cash burn rate and the requirements of the company for future financial resources, based on planned exploration expenditure and other funding activities of the company. It is the intention of the directors to minimise non-exploration operating expenses of the company in order to maintain adequate financial resources to fund minimum exploration operations and to optimally utilise its existing cash resources to enhance shareholder value before the necessary additional funding measures for meaningful future and planned exploration activities are considered. For these reasons, the financial statements have been prepared on a going concern basis.

RESULTS AND DIVIDENDS
The loss for the financial year is set out in the statement of operations on page 9.
The directors do not recommend a dividend for the year ended 28 February 2009 (Year ended 28 February 2008: Nil).

DIRECTORS
The present directors of the company are set out on page 1.

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 the Financial Aspects of Corporate Governance, although neither compliance nor a statement on the degree of compliance is a requirement of AIM.

AUDITORS
Deloitte LLP have expressed their willingness to continue in office.

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

JH Wessels
Secretary
24 August 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities

The directors are responsible for preparing 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 be properly prepared in accordance with the Companies (Jersey) Law 1991.
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.

JH Wessels
Signed on behalf of the board
24 August 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDSTONE RESOURCES LIMITED

We have audited the financial statements of Goldstone Resources Limited for the year ended 28 February 2009 which comprise the statement of operations, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as issued by the International Accounting Standards Board, of the state of the company's affairs as at 28 February 2009 and of its loss for the year then ended; and
- the financial statements 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 qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,110,650 during the year ended 28 February 2009 and the company's management are intending to minimise non-exploration operating expenses, fund minimum exploration operations in order to preserve available cash and reduce the monthly cash burn rate. In addition the company may have to consider additional funding measures in the near future in order to conduct meaningful exploration activities. As the company is dependent on implementing this strategy there is a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Deloitte LLP
Chartered Accountants
St. Helier, Jersey

STATEMENT OF OPERATIONS
For the year ended 28 February 2009

	Note	Year ended 2009 $	Year ended 2008 $
Revenues			
Management fees		-	47,500
Interest receivable	1	42,983	136,161
		42,983	183,661
Exploration expenses			
Exploration expenses		(145,189)	(105,793)
Gross (loss)/profit		(102,206)	77,868
Other operating expenses		(1,008,444)	(847,189)
OPERATING LOSS FOR THE FINANCIAL YEAR	4	(1,110,650)	(769,321)
LOSS FOR THE FINANCIAL YEAR		(1,110,650)	(769,321)
Loss per ordinary share			
Basic and diluted loss per share (cents per share)		(0.8)	(0.6)

The above results are derived from continuing operations.

The notes on page 12 to 19 form part of these financial statements.

BALANCE SHEET
28 February 2009

	Note	Year ended 2009 $	Year ended 2008 $
FIXED ASSETS			
Tangible assets	5	12,026	21,016
CURRENT ASSETS			
Receivables and prepayments	6	19,195	19,195
Cash at bank		1,233,834	2,336,447
		1,253,029	2,355,642
CREDITORS: amounts falling due within one year			
Creditors and accruals		41,566	42,519
Net current assets		1,211,463	2,313,123
TOTAL ASSETS LESS CURRENT LIABILITIES		1,223,489	2,334,139
CAPITAL AND RESERVES			
Share capital	7	2,354,482	2,354,482
Share premium		13,849,554	13,849,554
Capital contribution reserve		555,110	555,110
Profit and loss account – (deficit)		(15,535,657)	(14,425,007)
SHAREHOLDERS' FUNDS		1,223,489	2,334,139

These financial statements were approved by the Board of Directors on 24 August 2009.
Signed on behalf of the Board.

J H Wessels
Director
The notes on page 12 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
28 February 2009

	Year ended 2009 $	Year ended 2008 $
SHARE CAPITAL – £0.01 per value		
Authorised – 250,000,000 shares		
Issure and fully 130,816,663 shares	2,354,482	2,354,482
SHARE PREMIUM	13,849,554	13,849,554
CAPITAL CONTRIBUTION RESERVE	555,110	555,110
ACCUMULATED DEFICIT		
Balance at beginning of year	(14,425,007)	(13,655,686)
Net loss	(1,110,650)	(769,321)
Balance at end of year	(15,535,657)	(14,425,007)
	1,223,489	2,334,139

The notes on page 12 to 19 form part of these financial statements.

CASH FLOW STATEMENT
28 February 2009

	Year ended 2009 $	Year ended 2008 $
Loss for the financial year	(1,110,650)	(769,321)
Adjusted for:		
Depreciation	16,018	13,299
Interest received	(42,983)	(136,161)
Decrease in debtors	-	29,345
Decrease in creditors	(953)	(36,159)
Net cash outflow from operating activities	(1,138,568)	(898,997)
Returns on investment and servicing of finance		
Interest received	42,983	136,161
Purchase of fixed assets	(7,028)	(3,826)
Decrease in cash	(1,102,613)	(766,662)
Cash at beginning of the year	2,336,447	3,103,109
Cash at end of the year	1,233,834	2,336,447

NOTES TO THE FINANCIAL STATEMENTS
28 February 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in United States Dollars under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs). The particular accounting policies adopted are described below.

Going concern

The directors continue to pursue projects that has the potential to enhance share holder value with minimum expenditure and that could possibly generate income in future periods. Based on the expected minimum exploration expenditure on projects, reduced operating costs and after making reasonable enquiries, and considering the uncertainties as described below, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next 12 months from the date of signing the financial statements. However, whilst the directors have measures in place to preserve cash resources and minimise the cash burn rate through cost reduction, the current economic climate, unexpected minimum exploration expenditure obligations and the company's ability to procure funding for meaningful future exploration activities when required create material uncertainties over future results and cash flows, as well as investment objectives. The company thus may not be able to realise its exploration objectives and discharge its liabilities in the normal course of business. For these reasons, the company will adopt the going concern basis in preparing the financial statements.

Adoption of new and revised accounting standards and interpretations

At the date of authorisation of these financial statements, the following Standard and Interpretation, were in issue but not yet effective:

Amendments to IAS 1: Presentation of financial statements – A revised presentation (effective for annual periods beginning on or after 1 January 2009)

IFRS 8: Operating Segments

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

The directors have considered other new and revised standards and believe that they are not relevant to the activities undertaken.

Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation.

Tangible fixed assets are depreciated on the straight line basis at the following annual rates calculated to write off their cost to their estimated residual value over their expected useful lives.

Office equipment	25%
Computer Equipment	33.3%

Gold samples are stated at cost and are not depreciated.

Exploration costs

Exploration costs are expensed until the commercial viability of a project has been proven.

Income and expenses

Income and expenses are included in the financial statements on the accruals basis.

Share options

Options granted to employees are vested at the date of grant and the fair value of the share options granted is expensed immediately to statement of operations.

Foreign exchange

These financial statements are prepared using United States dollars as the functional currency. Transactions denominated in other currencies are translated into United States dollars at the rates actually incurred when making the transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated at the exchange rate ruling at that date. These translation differences are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2009

2. SEGMENTAL ANALYSIS

The directors consider for segmental information purposes that the turnover and operating loss are incurred mainly in the principal business activity of mineral exploration in South Africa and that the net assets of the company are held in South Africa.

3. EXPLORATION EXPENSES

	Year ended 2009 $	Year ended 2008 $
Exploration expenses	(83,553)	(66,400)
Geological expenses	(61,636)	(39,393)
	(145,189)	(105,793)

4. OPERATING LOSS FOR THE FINANCIAL YEAR

The operating loss is stated after charging:

	2009 $	2008 $
Auditors' remuneration	23,818	15,280
Depreciation	16,018	13,299
Foreign exchange difference	107,213	1,439
Directors' Remuneration – Executive Directors	375,150	307,565
Directors' Remuneration – Non Executive Directors	40,090	23,479

5. TANGIBLE FIXED ASSETS

	Gold samples $	Computer equipment $	Office equipment $	Field/geological equipment $	Total $
Cost					
At 1 March 2008	4,570	42,319	54,983	51,809	153,681
Additions	-	-	2,609	4,419	7,028
At 28 February 2009	4,570	42,319	57,592	56,228	160,709
Accumulated depreciation					
At 1 March 2008	-	36,892	43,964	51,809	132,665
Charge for the year	-	3,273	11,733	1,012	16,018
At 28 February 2009	-	40,165	55,697	52,821	148,683
Net book value					
At 28 February 2009	4,570	2,154	1,895	3,407	12,026
At 28 February 2008	4,570	5,427	11,019	-	21,016

NOTES TO THE FINANCIAL STATEMENTS
28 February 2009

5. TANGIBLE FIXED ASSETS (continued)

	Gold samples $	Computer equipment $	Office equipment $	Field/geological equipment $	Total $
Cost					
At 1 March 2007	4,570	38,782	54,695	51,809	149,856
Additions	-	3,537	288	-	3,825
At 28 February 2008	4,570	42,319	54,983	51,809	153,681
Accumulated depreciation					
At 1 March 2007	-	32,856	34,701	51,809	119,366
Charge for the year	-	4,036	9,263	-	13,299
At 28 February 2008	-	36,892	43,964	51,809	132,665
Net book value					
At 28 February 2008	4,570	5,427	11,019	-	21,016
At 28 February 2007	4,570	5,926	19,994	-	30,490

6. DEBTORS

	2009 $	2008 $
BHP Billiton	19,195	19,195

7. SHARE CAPITAL

	2009	2008
Authorised		
250,000,000 ordinary 1 pence shares	£ 2,500,000	£ 2,500,000
Called up, allotted and fully paid		
130,816,633 ordinary 1 pence shares	£ 1,308,166	£ 1,308,166
Converted to US$ at date of issue	$ 2,354,482	$ 2,354,482

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

NOTES TO THE FINANCIAL STATEMENTS
28 February 2009

8. RELATED PARTY TRANSACTIONS

The interests of the Directors in the share capital of the company, whether beneficial or non-beneficial, are indirectly held through GeoQuest (a major shareholder in the company) and are, at date hereof, as follows:

Name	**No. of Ordinary Shares**	**No. of Ordinary Shares Under Option**
Nico van der Hoven	40,000,000	-
Jurie Wessels	40,000,000	1,500,000
Henrik Schloemann	-	1,500,000

On 15 August 2008, the company announced the cancellation of the 3,120,000 existing options granted under the Goldstone Resources Share Option Scheme to the executive directors. Following an amendment to the option scheme during August 2008 options for 6,500,000 ordinary shares of 1 pence each were granted to Nico van der Hoven, Jurie Wessels, Lawrie Minter, Hendrik Schloemann and an employee of the Company. Due to the recent changes in the constitution of the Board and the reduction of operational costs options to subscribe for a total of 3,000,000 ordinary shares in equal proportions to Jurie Wessels and Henrik Schloemann are valid and enforceable. These options are exercisable at the Placing Price (1.50 pence per ordinary share) for a five year period commencing one year after the date of grant. The closing price of the company's shares on the date of grant of the options was 0.875 pence per share which is lower than the Placing Price. Thus, the fair value of the options is nil at the date of grant.

Nico van der Hoven is interested in the 40,000,000 Ordinary Shares owned by GeoQuest by virtue of his being a director of, and a shareholder in, GeoQuest. Mr van der Hoven is the registered holder of 0.3 per cent of the issued share capital of GeoQuest and is, potentially, beneficially interested in 18.0 per cent. of the issued share capital of GeoQuest under the terms of discretionary trusts. Whether or not Mr van der Hoven will, in fact, benefit from the shares held in GeoQuest by these trusts is entirely at the discretion of their trustees as there are no vested rights.

Jurie Wessels is interested in the 40,000,000 Ordinary Shares owned by GeoQuest by virtue of his being, potentially, beneficially interested in 7.1 per cent of the issued share capital of GeoQuest under the terms of a discretionary trust. Whether or not Mr Wessels will, in fact, benefit from the shares held in GeoQuest by this trust is entirely at the discretion of its trustees as there are no vested rights.

Dr Henrik Schloemann has no direct or indirect interest in the shares of the Company other than the Options.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares in issue after the placing on AIM. Diluted earnings per share is calculated using the weighted average number of ordinary shares in issue as adjusted to assume conversion of all dilutive potential ordinary shares.

9. EARNINGS PER SHARE (continued)

	2009 $	2008 $
Loss per ordinary share		
Loss attributable to share holders	(1,110,650)	(769,321)
Weighted average number of ordinary shares	130,816,633	130,816,633
Basic and diluted loss per share	(0.8)	(0.6)

10. OTHER FINANCIAL INSTRUMENTS

The directors consider that the company mainly faces currency risk on a day to day basis. During the period covered by these financial statements management reviewed the currency risk exposure faced by the company. 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.

	2009 $	2008 $
Sterling	226,726	741,236
US Dollars	994,854	1,479,676
South African Rand	12,254	115,535
	1,233,834	2,336,447

11. CAPITAL MANAGEMENT

The primary objective of the company'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 company 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 company may dispose of capital assets or issue new shares.

The company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2009

12. FINANCIAL RISK MANAGEMENT

The company's principal financial instruments comprise of cash and exploration creditors. Financial risk management of the company is governed by policies and guidelines described in the company's Financial Reporting Memorandum approved by the board of directors. Company 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 company's financial performance and financial position.

Interest rate risk

The risks caused by changes in interest rates are minimal since the company's only interest bearing financial asset pertains to cash. The company is therefore not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates.

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 company has cash assets denominated in Sterling and United States Dollars and incurs liabilities for its working capital expenditure either in Sterling, United States Dollars or South African Rand. Payments are made in Sterling, United States Dollars, South African Rand, Indian Rupees, West African CFA Francs, 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 company is therefore exposed to currency risk in so far as its liabilities are incurred in South African Rand and fluctuation occurs due to changes in the ZAR/GBP and ZAR/US$ exchange rates.

The company's policy is not to enter into any currency hedging transactions.

The exchange rates affecting the Company were as follows:

	2009	**2008**
	$	**$**
ZAR for 1 US$	10.04	7.76
US$ for 1 Sterling	1.43	1.98
ZAR for 1 Sterling	14.32	15.36

The following table details the company's sensitivity to a 20% increase in the United States Dollars against these currencies. 20% is management's assessment of the potential exposure to foreign exchange rate fluctuations.

The sensitivity analysis includes only outstanding foreign currency denominated financial assets and liabilities and adjusts their translation at year end for a 20% change in foreign currency rate thus indicating the potential movement in equity.

	28 February 2009		
	£	**ZAR**	**Total**
Increase/(decrease) in equity	(4,995)	2,765	(2,230)

12. FINANCIAL RISK MANAGEMENT (continued)

	28 February 2008		
	£	**ZAR**	**Total**
Increase/(decrease) in equity	(65,193)	11,267	(53,926)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit exposure is reviewed and approved by the directors on a monthly basis. The company's exposure to credit risk other than cash held with a financial institution, as of 28 February 2009 and 28 February 2008 is $19,195.

Liquidity risk

The liquidity risk is that the company cannot meet its financial obligations when they fall due. The financial liabilities of the company 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.

13. 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 Company.

14. TAXATION

In the prior year the company was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended. With effect from the 2009 year of assessment, Jersey abolished the exempt company regime for existing companies. Profits arising in the company for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%.

The company is also registered for income tax purposes with the South African Revenue Service ('SARS'). Due to the loss making position of the company, there is no tax charge in relation to South African taxation this year (2008: nil). There is no tax charge in relation to Guyana also due to loss making position of the company.