GOLDSTONE
RESOURCES LTD.

Report and Financial Statements
28 February 2010

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GOLDSTONE RESOURCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

DIRECTORS

J H Wessels
N P J van der Hoven
H Schloeman
G McDowall (appointed 22 January 2010)
T Churcher (appointed 14 February 2010)

REGISTERED OFFICE

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11-15 Seaton Place
St Helier
Jersey
JE4 8XP

GOLDSTONE RESOURCES LIMITED

(“GoldStone” or “the Company”)

Final Results for the period ended 28 February 2010

Chief Executive’s Report

During the year ended 28 February 2010 the Company established itself as a West African gold explorer and made significant progress in creating value for shareholders. At the Homase Licence in Ghana, the Company owns 51% of the current JORC compliant resource of 282,000 oz of gold with the prospect of adding significant value in the future, and has the ability to increase its ownership to 85%. In Senegal (the Sangola Licence), Ghana (Manso Amenfi Licence) and potentially Gabon, the Company has prospective grassroots exploration properties and the opportunity to make significant discoveries. Through its alliance with Bendigo Mining Limited, the Company not only received a vote of confidence in its projects and skills from one of its peers, but also gained the support of a mid-tier gold miner as a long term shareholder which has the skills to help realise the value of the Company’s assets. In completing its activities during the financial year the company has spent £609,779 (2009: £1,110,650).

GHANA

The Company entered into joint venture agreements with Cherry Hill Mining Company Ltd (“Cherry Hill”) in respect of the Homase prospecting licence and with Asaasemu Mining Ltd (“Asaasemu”) concerning the Manso Amenfi prospecting licence. Under the terms of these agreements, the Company has the right to earn an interest in the Licences of up to 85% by expending funds towards exploration costs or reaching certain exploration targets.

In April 2010 the Ghanaian Minerals Commission ("GMC") confirmed that both the Ghanaian licences (Homase and Manso Amenfi) are in good standing and the Company obtained the necessary statutory consent from the Minister of Mines and Forestry.

Homase

The Homase Licence area is located approximately 20 km from Anglo Gold Ashanti’s (“AGA”) Obuasi mine and is situated within the well known Ashanti Gold Belt. The Homase property was explored and open cast mined by AGA during the period 1999 to 2003. On 21 April 2010 the Company reported a Joint Ore Reserves Committee of Australasia (JORC) compliant gold resource of 282,608 ounces on the Homase property. The total gold resource is 6.32 million tonnes of ore at an average grade of 1.4 g/t gold applying a cut off of 0.5 g/t gold:

	Tonnage	Grade (g/t)	Contained Gold (ozs)
Measured	3,032,617	1.61	157,298
Indicated	1,699,102	1.33	72,531
Inferred	1,585,282	1.04	52,779
TOTAL	6,317,000	1.39	282,608

Approximately 196,000 oz, or 69%, of the resource is contained within the transitional and sulphide zones and 86,500 oz in the oxide zone. Overall metallurgical recoveries reported by previous explorers were encouraging at 93% for the oxide material and 84% for the sulphides.

The resource on the Homase property includes areas where high grade shoots are evident, which may continue to plunge steeply beyond their currently known extent of 150 metres below the bottom of the main pit. Testing potential extensions of these high grade shoots and expanding the resource is the main focus of the upcoming drilling programme, which will commence on completion of ongoing discussions with local communities regarding access rights and crop compensation. The Company intends to foster good working relationships with local communities and is confident the process of community involvement will be concluded to everyone's satisfaction. As part of the upcoming exploration programme, a mineralised trend that is evident from a gold in soil anomaly and which extends along strike of the Homase open pits for over two kilometres to the north and other regional targets, may also be investigated.

As a result of achieving the publication of a JORC compliant resource on the Homase Licence area and after payment of the agreed option fees to Cherry Hill, GoldStone earned a 51%. interest in the Homase Licence. GoldStone may increase its interest to 65% in the Homase Licence by either expending a minimum of US$1 million on exploration work or by conducting a pre-feasibility study over the permit area. After the completion of a successful feasibility study over the licence area, GoldStone's interest would increase to 85%.

The Company completed an airborne electromagnetic survey (VTEM system) over the southern part of the Homase Licence with the objective of potentially finding extensions of the known ore body along strike to the north and below the presently known gold resource. The directors expect to receive the results of this survey shortly. The results may necessitate further detailed interpretation by a geophysicist.

Manso Amenfi

Confirmation of the large soil anomaly present on the Manso Amenfi property will be the focus of exploration during the next few months. A regional desktop study and first field assessment are presently in progress and a geological mapping and sampling programme will commence shortly. The results of this programme may define targets for follow-up soil sampling or trenching.

SENEGAL

Sangola

The Company entered into a Convention de Recherché on 9 September 2009 with the Senegalese Ministry of Mines over the licence area. The decree, which is necessary to allow the Company to commence with exploration activities, remains outstanding but is expected to be granted within the coming months.

The Sangola Licence covers an area of approximately 471 km² and is situated 60 km south east of Tambacounda, the largest city in eastern Senegal. The directors believe the licence area to be highly prospective because it is largely unexplored and covers the southern part of the Main Transcurrent Fault Zone ("MTZ") of the Kenieba Inlier of Birimian Formation. Historic exploration of the Kenieba Inlier resulted in the discovery of more than 20 million ounces ("Moz") of gold. North of the Sangola Licence the MTZ yielded large gold deposits/mines such as the 3.4 Moz Masawa deposit (Randgold Resources), the 2.2 Moz Sabodala mine (Mineral Deposits Limited), the 2 Moz Yatela mine and the 10 Moz Sadiola mine (both IAMGOLD and AngloGold Ashanti).

The exploration programme for the permit will commence with a structural and regolith study based on remotely sensed data. A first field visit will serve to identify and map known artisanal gold mining sites. The results of this work will help to focus initial stream sediment and/or soil sampling onto promising structural targets and areas of artisanal gold mining.

GABON

The Company filed applications for two licences that exhibited promising soil anomalies from interpretation of the recently published SYSMIN data compiled by the French and South African Geological Surveys and the Gabonese Mining Department. The Gabonese Department of Geology and Mining ("DGMG") acknowledged the Company's application over both areas and informed the Company that a Convention de Miniere will be entered into with GoldStone upon compliance with certain formalities, including the formation of a Gabonese registered corporate entity. A Gabonese company named GoldStone Resources Ltd Gabon has now been formed with the Company as the only shareholder and provided certain formalities are met the granting of a permit in Gabon is expected to occur soon.

MALI

The Company held short term gold exploration permits over Baroya and Metedia-Est and under Malian law GoldStone had the exclusive right to apply for long term prospecting licences over the areas once it had conducted its evaluative exploration. After GoldStone had conducted such exploration and applied for long term prospecting licences over the area, the directors were informed by the Minister of Mines of Mali that the Company's applications had been refused and that prospecting permits over these licence areas had been granted to another applicant. No reasons were given for this decision.

ALLIANCE WITH BENDIGO MINING

On 6 May 2010 the Company entered into a strategic alliance with Bendigo Mining Limited (ASX: BDG) ("Bendigo"). Bendigo subscribed for 32,704,166 ordinary shares in the Company at a price of 6.5p per share which raised £2,125,771. In addition to this placing the strategic alliance provided that Bendigo is entitled to nominate a director to the board of the Company and that Bendigo is to provide support to GoldStone in respect of any development and mining of GoldStone's exploration assets. In addition, Bendigo undertook not to dispose of any shares subscribed for in the placing for a period of 12 months. In addition, GoldStone issued non tradable and non transferrable warrants to Bendigo in two tranches. The first tranche entitles Bendigo to subscribe for 10,901,389 shares in GoldStone at 8.5 pence per share between 18 and 30 months from the date of issue and the second tranche entitles Bendigo to subscribe for 10,901,389 shares at 11.5p per share between 24 and 36 months from the date of issue.

Following implementation of the strategic alliance agreement and the placing, Bendigo holds 20% of the issued share capital of GoldStone.

Through this transaction the Company gained a mid-tier miner as a significant shareholder in an alliance that has the potential to add significant value as the Company endeavours to advance its exploration projects up the value curve.

GEOQUEST DIVESTMENT

GeoQuest Holdings Limited, which owned 40,000,000 ordinary shares in the Company, divested its holding in the Company during the last week of February 2010.

DIRECTORSHIP CHANGES AND APPOINTMENT OF JOINT BROKER

During recent months, the Company has gained the expertise and experience of Messrs Gennen McDowall and Tim Churcher, both of whom were appointed as non-executive directors. Mr. McDowall is a geophysicist and has over 30 years of experience in the exploration industry. Mr. Churcher is the nominee for Bendigo, was appointed following the strategic alliance agreement and has considerable experience in corporate affairs and mining in Australasia.

Optiva Securities Limited (formerly Orbis Equity Partners Limited) was appointed as Joint Broker during May 2010. Westhouse Securities Limited continues to act as Nominated Adviser and Joint Broker.

PLACING

On 14 June 2010 the Company raised approximately £2.06 million (before expenses) through a placing of 58,857,142 new ordinary shares at a price of 3.5 pence per share. The Company intends to use the cash, together with the funds from the Bendigo placing, to continue the exploration programme on its current projects, in particular the Homase project and the Sangola Licence, and to investigate newly acquired projects in Gabon, when and if permits are granted.

Bendigo, which held 32,704,166 ordinary shares before the placing, representing 20% of the issued share capital of the Company, maintained its position by subscribing for 11,785,000 ordinary shares in the placing.

OUTLOOK

Since May 2009 the Company has acquired some prospective exploration projects and has raised sufficient finance to undertake meaningful exploration. The Company’s focus is now to test potential down dip and along strike extensions of the Homase deposit in order to increase the gold resource. In addition the Company will carry out exploration work to better define any regional exploration targets on the Homase permit. The considerable grass roots potential of Manso Amenfi and Sangola (once the decree is granted) will be investigated by means of various desk top studies, geological mapping and soil sampling.

The board looks forward to reporting further progress in due course.

Jurie Wessels
Chief Executive Officer
Cape Town, South Africa
30 August 2010

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended to 28 February 2010.

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 and 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. On 7 May 2010 and in pursuance of the terms of the strategic alliance with Bendigo Mining Ltd 32,704,166 ordinary shares were issued to Bendigo Mining Ltd at 6.5p per share, which issue raised £2,125,771. On 14 June 2010 58,857,142 ordinary shares at 3.5p per share were placed raising £2.06 million (before expenses). The Company intends to use the cash raised to explore its current projects and investigate newly acquired projects.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS
The Company's principal activity is exploration and mining of gold and associated elements. The Directors are currently active in pursuing the Company's exploration projects and prospects in West 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 2 to 5.

GOING CONCERN
In terms of the 2009 guidance note for directors of UK companies by the Financial Reporting Council, directors should make and document a rigorous assessment of whether the company is a going concern when preparing annual and half yearly financial statements. To this end 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. Based on the expected expenditure on projects, including the anticipated cash burn rate and controlled operating costs and after making reasonable enquiries, 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.

RESULTS AND DIVIDENDS
The loss for the financial year is set out in the statement of comprehensive income on page 9.

The directors do not recommend a dividend for the year ended 28 February 2010 (Year ended 28 February 2009: Nil).

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

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

Approved by the Board of Directors and signed on behalf of the Board
Jurie Wessels
Secretary
Cape Town, South Africa
30 August 2010

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.

Signed on behalf of the board
Nico van der Hoven
Chairman
30 August 2010

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 2010 which comprise the statement of comprehensive income, balance sheet, the statement of changes in equity, the statement of cash flows and the related notes 1 to 15. 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 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 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 annual report and 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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chief Executive's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 2010 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.

Andrew Isham, BA, FCA
For and on behalf of Deloitte LLP
Chartered Accountants
St. Helier, Jersey
30 August 2010

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2010

	Note	Year ended 2010 $	Year ended 2009 $
Revenues			
Interest receivable	1	867	42,983
		867	42,983
Exploration expenses			
Exploration expenses		(134,508)	(145,189)
Gross (loss)/profit		(133,641)	(102,206)
Other operating expenses		(476,138)	(1,008,444)
COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(609,779)	(1,110,650)
Loss per ordinary share			
Basic and diluted loss per share (cents per share)		(0.5)	(0.8)

The above results are derived from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

BALANCE SHEET
28 February 2010

	Note	Year ended 2010 $	Year ended 2009 $
FIXED ASSETS			
Tangible assets	5	18,282	12,026
CURRENT ASSETS			
Receivables and prepayments	6	-	19,195
Cash at bank		699,890	1,233,834
		699,890	1,253,029
CREDITORS: amounts falling due within one year			
Creditors and accruals		104,462	41,566
Net current assets		595,428	1,211,463
TOTAL ASSETS LESS CURRENT LIABILITIES		613,710	1,223,489
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)		(16,145,436)	(15,535,657)
SHAREHOLDERS' FUNDS		613,710	1,223,489

These financial statements were approved by the Board of Directors on 30 August 2010.

Signed on behalf of the Board.
Nico van der Hoven
Chairman
30 August 2010

The notes on pages 13 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
28 February 2010

	Year ended 2010 $	Year ended 2009 $
SHARE CAPITAL – £0.01 per value		
Authorised – 250,000,000 shares		
Issued and fully paid up – 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	(15,535,657)	(14,425,007)
Total Comprehensive expense	(609,779)	(1,110,650)
Balance at end of year	(16,145,436)	(15,535,657)
	613,710	1,223,489

The notes on pages 13 to 20 form part of these financial statements.

STATEMENT OF CASH FLOWS
28 February 2010

	Year ended 2010 $	Year ended 2009 $
Loss for the financial year	(609,779)	(1,110,650)
Adjusted for:		
Depreciation	4,095	16,018
Interest received	(867)	(42,983)
Decrease in debtors	19,195	-
Increase/(decrease) in creditors	62,896	(953)
Net cash outflow from operating activities	(524,460)	(1,138,568)
Returns on investment and servicing of finance		
Interest received	867	42,983
Purchase of fixed assets	(10,351)	(7,028)
Decrease in cash	(533,944)	(1,102,613)
Cash at beginning of the year	1,233,834	2,336,447
Cash at end of the year	699,890	1,233,834

The notes on pages 13 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2010

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

As further detailed in the Chief Executive's Report on pages 2 to 5, the Company had a successful placement of shares in June 2010 raising £2.06 million and has also entered into a strategic alliance with Bendigo Mining Limited. The directors continue to explore current projects, in particular the Homase project and to expedite exploration of the area covered by the Sangola license. Based on the expected expenditure on projects, including the anticipated cash burn rate and controlled operating costs and after making reasonable enquiries, 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.

Adoption of new and revised accounting standards and interpretations

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 are of the opinion that the adoption of these Standards and Interpretations has had 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, that include Joint Venture 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 the statement of comprehensive income.

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 statement of comprehensive income.

Key sources of estimation uncertainty

There are no estimates that have been applied in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2010

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 Southern Africa and that the net assets of the company are held in South Africa.

3. EXPLORATION EXPENSES

	Year ended 2010 $	Year ended 2009 $
Exploration expenses	(134,508)	(145,189)
	(134,508)	(145,189)

4. OPERATING LOSS FOR THE FINANCIAL YEAR

The operating loss is stated after charging:

	2010 $	2009 $
Auditors' remuneration	10,580	23,818
Depreciation	4,095	16,018
Foreign exchange difference	(10,785)	107,213
Directors' Remuneration – Executive Directors	208,707	375,150
Directors' Remuneration – Non Executive Directors	13,979	40,090

5. TANGIBLE FIXED ASSETS

	Gold samples $	Computer equipment $	Office equipment $	Field/geological equipment $	Total $
Cost					
At 1 March 2009	4,570	42,319	57,592	56,228	160,709
Additions	-	-	10,351	-	10,351
At 28 February 2010	4,570	42,319	67,943	56,228	171,060
Accumulated depreciation					
At 1 March 2009	-	40,165	55,697	52,821	148,683
Charge for the year	-	1,179	1,812	1,104	4,095
At 28 February 2010	-	41,344	57,509	53,925	152,778
Net book value					
At 28 February 2010	4,570	975	10,434	2,303	18,282
At 28 February 2009	4,570	2,154	1,895	3,407	12,026

NOTES TO THE FINANCIAL STATEMENTS
28 February 2010

5. TANGIBLE FIXED ASSETS (continued)

	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

6. DEBTORS

	2010 $	2009 $
BHP Billiton	-	19,195

7. SHARE CAPITAL

	2010	2009
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.

8. RELATED PARTY TRANSACTIONS

The interests of the Directors in the share capital of the company, whether beneficial or non-beneficial, were held, as at the end of the financial year, as follows:

Name	**No. of Ordinary Shares**	**No. of Ordinary Shares Under Option**
Nico van der Hoven	7,300,000	-
Jurie Wessels	2,100,000	4,900,000
Hendrik Schloemann	1,000,000	4,900,000

Loxbeare Ltd, a company owned by a discretionary trust of which Mr. van der Hoven is a potential beneficiary, purchased 7,300,000 ordinary shares in the Company at a price of 1.1p per share on 02 March 2010. Whether or not Mr. van der Hoven will, in fact, benefit from the shares held by this trust, which represents his only interest in the issued share capital of GoldStone, is at the discretion of the trustees. On 02 March 2010, Russell Brookes Ltd, a company owned by a discretionary trust of which Mr. Wessels is a potential beneficiary, purchased 2,100,000 ordinary shares in the Company at a price of 1.1p per share and on the same day Marais Services Ltd, a company owned by a discretionary trust of which Dr. Schloemann is a potential beneficiary, has today purchased 1,000,000 ordinary shares in the Company at a price of 1.1p per share. Whether or not Mr. Wessels or Dr. Schloemann will, in fact, benefit from the shares held by these two discretionary trusts, which represent their only interests in the issued share capital of GoldStone, is at the discretion of the respective trustees.

In May 2009 and following Sir Michael Oliver's resignation, the Board had to be reconstituted with the result that options to subscribe for a total of 3,000,000 ordinary shares in equal proportions to Jurie Wessels and Hendrik Schloemann were the only valid and enforceable options in force. The options were granted to Jurie Wessels and Hendrik Schloemann on the 15th of August 2008. The closing price of the company's shares on the date of grant of the options was 0.875 pence per share which were lower than the exercise price. Thus, the fair value of the options is nil at the date of grant. On 22 February 2010 Jurie Wessels and Hendrik Schloemann were each granted options to subscribe for a total of 3,400,000 ordinary shares of 1p each in the Company. The closing price of the company's shares on the date of grant of these options was 1.52 pence per share which were lower than the exercise price. Thus, the fair value of the options is negligible.at the date of grant.

The aforesaid options are exercisable as follows:

Director	**Number of options**	**Exercise price**	**Exercise period**
Jurie Wessels	1,500,000	1.5p	16 August 2009 – 15 August 2013
	1,700,000	3.0p	22 February 2011 - 22 February 2016
	1,700,000	5.0p	22 August 2011 - 22 August 2016
Hendrik Schloemann	1,500,000	1.5p	16 August 2009 – 15 August 2013
	1,700,000	3.0p	22 February 2011 - 22 February 2016
	1,700,000	5.0p	22 August 2011 - 22 August 2016

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.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2010

	2010 $	2009 $
Loss per ordinary share		
Loss attributable to share holders	(609,779)	(1,110,650)
Weighted average number of ordinary shares	130,816,633	130,816,633
Basic and diluted loss per share	(0.5)	(0.8)

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.

	2010 $	2009 $
Sterling	117,734	226,726
US Dollars	539,993	994,854
South African Rand	42,163	12,254
	699,890	1,233,834

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.

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, Ghana Cedees, 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:

	2010	**2009**
	$	**$**
ZAR for 1 US$	7.72	10.04
US$ for 1 Sterling	1.52	1.43
ZAR for 1 Sterling	11.73	14.32

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 2010		
	£	**ZAR**	**Total**
Decrease in equity	(18,940)	(406)	(19,346)

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

12. FINANCIAL RISK MANAGEMENT (continued)

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 2010 and 28 February 2009 is $Nil.

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 (2009: nil).

15. POST BALANCE SHEET EVENTS

During April 2010 the Ghanaian Minerals Commission ("GMC") confirmed that both the Ghanaian licenses (Homase and Manso Amenfi) are in good standing and on 28 April 2010 the Company obtained the necessary statutory consent from the Minister of Mines and Forestry.

On the 1st of March 2010 the Company filed two applications over two geologically distinct licence areas which have exhibited promising soil anomalies obtained from published SYSMIN data. The areas selected are situated within under explored Archean and Birimian age gold prospective terrains in the centre and north of Gabon.

On 8 March 2010 the Directors have been informed by the Minister of Mines of Mali that the Company's applications for prospecting permits over the Metedia-Est and Baroya licence areas have been refused and that prospecting permits over these licence areas have been granted to another applicant. In addition, despite numerous written and verbal requests to the DNGM, no reply was received regarding the Company's application for a prospecting permit over the Yatia area.

On 21 April 2010 the Company announced a JORC compliant mineral resource estimate of 228,608 ounces of gold on the Homase prospecting license.

On 7 May 2010 the Company announced that it has entered into a strategic alliance with Bendigo Mining Limited who also subscribed for 32,704,166 ordinary shares in the Company. In terms of the strategic alliance the Company issued non tradable and non transferrable warrants to Bendigo in two tranches. The first tranche of warrants will entitle Bendigo to subscribe for 10,901,389 shares at 8.5 pence per share between 18 and 30 months from the date of issue of the warrants and the second tranche will entitle Bendigo to subscribe for 10,901,389 shares at 11.5p per share between 24 and 36 months from the date of issue of the warrants. During the year Mr Tim Churcher joined the board of the company in pursuance of the terms of the strategic alliance with Bendigo Mining Limited.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2010

Following the publication of the JORC compliant resource statement by the Company on the Homase Joint Venture, the company made an agreed payment of US$60,000 on 21 May 2010 to its joint venture partner Cherry Hill Mining Company Ltd and earned a 51 per cent. interest in the Homase licence in accordance with the terms of the Joint Venture agreement.

On 14 June 2010 the Company raised approximately £2.06 million (before expenses) through a placing of 58,857,142 new ordinary shares at a price of 3.5 pence per share (the "Placing").

On 28 June 2010 Gennen McDowall was granted options to subscribe for 1,500,000 ordinary shares of 1p each in the Company at an exercise price of 6.5p per share. The options are exercisable one year from the date of grant for a period of six years until 28 June 2017.

On 5 July 2010 the Company commenced with an airborne electromagnetic survey (VTEM system) over the southern part of the Homase concession and on 22 July 2010 the Company entered into an agreement with Minerex Drilling Contractors Limited to execute an initial 4,000 metre drilling programme which is shortly to commence on the Homase property.