Report and Financial Statements
28 February 2011

GOLDSTONE
RESOURCES LTD.

CONTENTS

GOLDSTONE RESOURCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

DIRECTORS

J H Wessels
H Schloemann
WG McDowall
T S Churcher (appointed on 14 May 2010)
R J Hanson (appointed on 24 June 2011)
N P J van der Hoven (resigned on 29 November 2010)

AUDITOR

Deloitte LLP
PO Box 403
Lord Coutanche House
66-68 The Esplanade
St Helier
Jersey
JE4 8WA

REGISTERED OFFICE

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

GOLDSTONE RESOURCES LIMITED

("GoldStone" or "the Company")

Final Results for the period ended 28 February 2011

Chief Executive's Report

Since the start of the year under review, the Company significantly progressed its West African projects in Ghana and Senegal and entered Central Africa by acquiring the Ngoutou and Oyem licences in Gabon.

In Ghana, the Company consolidated its land holding by acquiring the Akrokerri prospect, increased the gold resource at Homase/Akrokerri to 405,600 ounces, executed a permit-wide soil sampling programme at its grass roots Manso Amenfi licence and commenced drilling activities underneath the Homase pit.

At the Sangola project in Senegal a permit-wide termite mound sampling programme was concluded and in Gabon geological reconnaissance efforts are underway at the Ngoutou and Oyem licences.

Excellent results were received from drilling underneath the Homase pit, and at Manso Amenfi and Sangola the geochemical surveys returned results that point towards the presence of multiple gold anomalies.

The year was not without its challenges, most of which, I am satisfied to report, have been resolved. After extended delays the Company was granted the necessary certificate by the Environmental Protection Agency of Ghana in April 2011 which allowed it to commence drilling at Homase/Akrokerri and the long awaited Sangola licence was finally granted.

In completing its activities during the financial year the Company spent US$1.55 million (2010: US$610,000).

GHANA PROJECTS

The Company increased its presence in Ghana by acquiring the Akrokerri licence in October 2010. This acquisition resulted in an increase in the Company's resources at the Homase/Akrokerri project area and added significant exploration potential. Drilling is underway underneath the Homase pit and on 11 August 2011 the Company announced its first drill results since the Company changed direction in 2009. Positive geochemical results at Manso Amenfi point towards the existence of a number of mineralised zones in the licence area which appear to run parallel to the nearby gold fertile Ayanfuri and Salman structures.

Homase/Akrokerri

The Homase Licence area is located in close proximity to Anglo Gold Ashanti's Obuasi mine and is situated within the well known Ashanti Gold Belt. The Akrokerri Licence area adjoins the southern border of Homase Licence and the eastern boundary of the Obuasi gold mine. Both licence areas, although differing in ownership structure, are dealt with as a geological unit by the Company because the gold mineralisation on both permits has been controlled by the same geological structure and both permits lie in the same geological environment as the Obuasi gold deposit.

Homase/Akrokerri: JORC Resource

In April 2010, GoldStone announced a maiden JORC compliant gold resource estimate at the Homase property of 282,608 ounces. This was followed in June 2011 by the announcement of a JORC compliant gold resource estimate of 123,000 ounces at Akrokerri. The Akrokerri resource is the direct southerly extension of the Homase resource and the resources, which were estimated solely from historical drill data, combine to a total of 8.87 million tonnes of ore at an average grade of 1.42 g/t and containing 405,600 ounces of gold. Details of the Homase/Akrokerri combined resource, for which a 0.5 g/t gold cut off was applied, are given in the table below:

	Tonnage	Grade (g/t)	Contained Gold (oz)
Measured	3,032,617	1.61	157,298
Indicated	2,694,102	1.42	122,755
Inferred	3,145,282	1.24	125,503
Total	8,872,001	1.42	405,556

Approximately 128,543 oz, or 31.5%, of the resource is contained within the oxide zone and 277,013 oz in the transitional and sulphide zones. A table showing the Homase/Akrokerri combined resource by oxidation is shown below:

	Tonnage	Grade (g/t)	Contained Gold (oz)
Oxidised	2,681,244	1.49	128,543
Fresh	6,190,757	1.39	277,013
Total	8,872,001	1.42	405,556

Overall metallurgical recoveries reported by previous explorers at Homase were encouraging at 93% for the oxide material and 84% for the sulphides.

Homase/Akrokerri: Completed Exploration

On 6 June 2011, drilling operations commenced at Homase after a delay was experienced resulting from requirements imposed by the Environmental Protection Agency of Ghana. To date 2,088m (nine holes) of the first phase 4,500m drilling programme have been drilled with a tenth hole currently underway. All holes drilled to date have intersected the known mineralised zone, which is identifiable by graphitic marker horizons directly in the foot and hanging wall of the gold mineralisation. A second phase drilling programme of further 4,500m is being planned and will commence once all assay results for the first phase drilling have been received.

In May 2010, GoldStone completed a helicopter borne electromagnetic survey (VTEM system) over the southern part of the Homase Licence and announced in early September 2010 that it had received positive results from this survey. The survey confirmed the potential extension of the ore controlling structure to depth beneath the known gold resource and along strike to the north. The survey also identified further exploration targets with geophysical signatures similar to the signature observed over the Homase resource area.

Homase/Akrokerri: Future Exploration

The Directors are of the opinion that the Homase/Akrokerri project area lies within a similar geological environment as the 42 million ounce Obuasi gold deposit 15 km to the southwest. This deposit has been exploited at surface and underground where high grade shoots are currently being mined to a depth of close to 2,000m. Results of the first five boreholes drilled below the Homase pit, which were announced in early August 2011, demonstrate that high-grade mineralisation continues to at least 140m below the bottom of the dormant pit and show signs of a high grade shoot extending to unknown depth. The focus of present drilling operations at Homase is to continue following this high grade shoot down dip and explore for additional shoots below the Homase pits which may lead to an increase in the resource. The mineralisation associated with the Akrokerri resource also includes high grade shoots which may continue to plunge steeply beyond their currently known extent of approximately 130m below surface. The existence of deep plunging high grade shoots underneath the Akrokerri resource will also be tested in future exploration. Soil anomalies over both licence areas indicate that the potential exists for mineralisation to extend north and south along strike of the Homase/Akrokerri resource.

The prominent VTEM anomaly identified at Adubrim, which is coincident with a gold in soil anomaly, has a strike length in excess of 3.5 km and structures that run parallel to the existing resource area will be investigated further in the coming months by follow up soil sampling and additional high resolution geophysical surveys. Separate large gold in soil anomalies over the Akrokerri granite, which is situated in the western part of the Akrokerri Licence area and where extensive artisanal workings are being conducted by illegal small scale miners, will also be investigated and will be the subject of a future drilling campaign over the Akrokerri Licence area.

Homase/Akrokerri: Ownership Structure and Licences

In March 2010 the Minister of Lands, Forestry and Mines consented to the joint venture agreement GoldStone concluded in October 2009 with its joint venture partner Cherry Hill Mining Company Limited ("Cherry Hill") in respect of the Homase Licence. Cherry Hill received notification from the Minerals Commission of Ghana ("MinCom") in June 2011 that the prospecting licence over the entire Homase Licence area has been extended for a further 12 month period and is due to expire on 28 July 2012. During May 2010 GoldStone increased its ownership in the Homase Licence to 51%. and the Directors anticipate that the Company will increase its interest in the project to 65% during the coming months by expending the minimum required exploration expenditure of US$1,000,000 for this phase over the licence area. Upon reaching a 65% interest in the Homase Licence the Company would be able to increase its interest to 85% upon completion of a successful feasibility study over the licence area.

GoldStone entered into an agreement with Pan African Resources PLC ("PAR") in October 2010 to acquire PAR's entire interest of 95.1% in Pan African Resources Ghana Ltd, which was renamed GoldStone Akrokerri Ltd ("GoldStone AKR") and wholly owns the Akrokerri Licence. This acquisition led to GoldStone obtaining an indirect interest of 95.1% in the Akrokerri Licence in Ghana. The balance of 4.9% of the issued shares in GoldStone AKR is held by Volta Resources Ltd (previously Birim Goldfields Ltd) which will, together with the interest of GoldStone, dilute if and when the Ghanaian Government claims its 10% free carried equity interest at the time of the issuing of a mining licence. The acquisition was made for a consideration of US$1 on the basis that GoldStone AKR has no environmental rehabilitation liabilities, statutory requirements outstanding (including taxes), future or existing contractual liabilities or pending legal proceedings which may, in aggregate, amount to more than US$25,000 in value. In April 2011 MinCom informed GoldStone AKR that it had extended the Akrokerri licence for a period of 12 months up to April 2012.

Both the Akrokerri and Homase licences are subject to renewal in 2012 and the Directors are not aware of any reason why the licences will not be renewed.

Under Ghanaian law the Government of Ghana is entitled to receive a mining royalty of between 3% and 6% of the total revenue obtained from mining operations, in addition to the 10% free carried interest it acquires upon the issue of a mining licence. The corporate tax rate for Ghanaian companies and for income derived from Ghana is 25% and dividends attract a withholding tax of 8%.

Manso Amenfi

The Manso Amenfi licence area over which GoldStone has a joint venture with Asasemu Mining Limited ("Asasemu Mining") had never been explored extensively until GoldStone undertook a permit wide geochemical survey, which was completed in June 2011. The licence area is prospective because it appears to abut the intersection of the two main gold bearing structures in the area with intense artisanal gold mining activity.

Manso Amenfi: Completed Exploration

In June 2011 the permit-wide soil sampling programme was completed and artisanal gold mining sites were mapped. Samples were collected every 100m along northwest trending lines, which were 400m apart and all gold assay results have been received. The results, some of which returned a gold content as high as 2.4 g/t gold, demonstrated the presence of multiple elongated and consistent gold in soil anomalies of considerable extent (up to five kilometres in strike) some of which appear to be parallel to the north trending Salman structure and others parallel to the northeast trending gold-fertile Ayanfuri structure.

Manso Amenfi: Future Exploration

A multi-element geochemical investigation is currently underway and an IP geophysical survey is planned, the results of which will assist the Company's geologists to rank soil anomalies in order to identify areas for further exploration.

Manso Amenfi: Ownership Structure and Licences

In November 2009, the Company entered into a joint venture with Asasemu Mining which wholly owns the Manso Amenfi licence. GoldStone currently owns a 10% interest in the licence area and has the right to increase its interest to 90% after achieving certain exploration benchmarks. The Company will attain an interest of 25% after spending US$500,000 and an interest of 55% after spending US$800,000 or upon defining a code compliant inferred resource of any magnitude. An interest of 70% will be attained by either spending an additional US$1,000,000 or by completing a successful pre-feasibility over any defined resource. An interest of 90% will be attained by concluding a positive feasibility study in the licence area.

SANGOLA: SENEGAL

The Sangola licence, which is wholly owned by GoldStone, lies in the south-eastern corner of Senegal in an established gold province known to geologists as the Kenieba Inlier of Birimian Formation. The licence area is highly prospective because it is largely unexplored and covers the south-western limits of the Main Transcurrent Shear Zone, or "MTZ", that is known to be responsible for the formation of gold deposits north-east of the licence area. Exploration of the Kenieba Inlier resulted in the discovery of more than 30 million ounces of gold and north-east of the Sangola Licence the MTZ yielded the 3.4 Moz Massawa deposit (Randgold Resources).

During the past six months the Company has conducted a permit-wide termite mound sampling programme over the licence area and received results which indicate the presence of significant gold anomalies that appear to overlie splays off the MTZ or structures parallel to the MTZ. The Company's efforts in the coming months will be to investigate the identified anomalies further by follow-up surface sampling and trenching.

Sangola: Completed Exploration

The exploration programme commenced with a structural and regolith study based on remotely sensed data and the mapping of artisanal gold mining sites. A termite mound sampling progamme which covered the prospective Birimian rocks in the licence area was completed in May 2011. A total of 8,150 samples were taken during this programme from termite mounds along north-south trending lines. The purpose of the programme was to detect any gold mineralisation in the underlying rocks and to confirm the location of the MTZ. Results confirmed the location of the MTZ and the presence of gold mineralisation at multiple locations.

Sangola: Future Exploration

Interpretation of all results is ongoing and closely spaced follow-up termite mound sampling is underway. Information from the follow-up programme will enable the identification of sites for trenching or limited drilling. Due to the onset of the rainy season, during which further work is not possible, the Company will only be able to finalise the follow up work later in 2011 or early 2012.

Sangola: Ownership Structure and Licences

The Company entered into a Convention de Recherché (“Convention”) on 9 September 2009 with the Senegalese Ministry of Mines over the licence area but the decree, which is necessary to allow the Company to commence exploration activities, was only granted in October 2010. The Sangola Licence covers an area of approximately 471 km² and is granted up to September 2013 and is renewable thereafter for two further three year periods. If exploration is successful, the Convention prescribes that an operating company will be created in which the State of Senegal will have a free carried interest of 10%, with an option to take up a further contributing interest of 25%. Under the Convention, the Government of Senegal guarantees GoldStone and the operating company a minimum interest of 65% in the operating company, exemption from certain taxes during the exploration phases, a four year customs-free status during the development phase, a seven year tax-free status (including income and withholding taxes) during the mining phase and unfettered repatriation of foreign loans and remittance of dividends.

OYEM & NGOUTOU: GABON

Early in 2010, the Company reviewed information resulting from a European Union sponsored survey conducted over large parts of Gabon by the French and South African Geological Surveys and the Gabonese Mining Department. As a result of this review the Company selected the Oyem and Ngoutou licences for application. Both licences contain compelling and extensive gold in soil anomalies which show a clear relationship with the underlying rocks. The shear size and linear extent including the continuous and robust surface expression of both licences’ gold anomalies hold much promise for the Company. The anomalous areas will be aggressively explored in the future.

Oyem and Ngoutou: Completed Exploration

During the last few months the Company conducted a logistical reconnaissance over both licence areas. It was found that both areas contain artisanal gold workings in the streams that cut through the gold anomalies and both areas are easily accessible by using existing logging roads. From desktop work it was established that the gold in soil anomaly associated with the Oyem permit in the northern part of Gabon covers a well-known regional geological structure in gold-prospective Archean rocks and that the Ngoutou anomaly in the eastern central part of Gabon also covers Archean rocks.

Oyem and Ngoutou: Future Exploration

The Company's field teams are busy erecting field camps for a geological reconnaissance study. The geological reconnaissance is aimed at conducting an orientation study which includes in-fill soil sampling and shallow drilling in order to identify targets for deeper drilling. This work will be conducted during the coming months before the rainy season starts in February.

Oyem and Ngoutou: Ownership Structure and Licences

The licences have both been awarded to the Company's wholly owned Gabonese subsidiary for a period of three years and can be renewed twice for a period of three years.

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 is using these funds, together with the investment in the Company by Unity Mining Limited referred to below, to explore for gold on its current projects, in particular by drilling the Homase/Akrokerri project.

UNITY MINING LIMITED

On 6 May 2010, the Company entered into a strategic alliance with ASX-listed Unity Mining Limited (then known as Bendigo Mining Limited) ("Unity"). Under the terms of the agreement Unity subscribed for 32,704,166 ordinary shares in the Company at a price of 6.5p per share raising £2,125,771. In addition, the Company issued non-tradable and non-transferrable warrants to Unity in two tranches. The first tranche entitles Unity to subscribe for 10,901,389 shares in GoldStone at 8.5 pence per share between 8 November 2011 and 7 November 2012 and the second tranche entitles Unity to subscribe for 10,901,389 shares at 11.5p per share between 8 May 2012 and 7 May 2013.

Unity currently holds 33.47% of the issued share capital.

CHANGES TO THE BOARD

Nico van der Hoven, who had served as Non-Executive Chairman of GoldStone since May 2009, retired from the Board at the end of November 2010 and Gennen McDowall, a Non-Executive Director, was appointed Non-Executive Chairman.

On 14 May 2010, Tim Churcher, Chief Financial Officer of Unity, was appointed as a Non-Executive Director, following the Company's strategic alliance with Unity. Post year end and subsequent to the increased holding of Unity, Rod Hanson was appointed as a Non-Executive Director on 24 June 2011. Mr. Hanson is the Managing Director and Chief Executive Officer of Unity.

OUTLOOK

Since mid-2009, the Company has built an impressive portfolio of exploration properties. During the course of the closing months of the year under review, the focus has changed towards target driven exploration which is directed at testing the prospectivity and intrinsic value of the exploration assets. So far the Board has been very encouraged by the results. The Homase drilling results announced in August 2011 were an excellent, inaugural result. The intercepts not only greatly improved our confidence to probe deeper and follow the identified high grade shoot, but also to seek similar shoots along strike and below the Homase/Akrokerri resource.

At Manso Amenfi the identification of multiple distinct and large soil anomalies increased the project's exploration value and encouraged us to increase our interest in the project by further spending. This will be done by conducting geophysical surveys and possibly trenching in order to identify drill ready targets.

In Senegal we completed a termite mound sampling programme over difficult terrain within a short period of time and were able to identify consistent and contiguous gold anomalies, as expected, over splays associated with the MTZ. Our work at Sangola will now focus on identifying drill targets and will include infill soil sampling and possibly trenching.

We are also excited with the possibilities Gabon holds for the Company as both licence areas contain impressive anomalies that deserve drilling and further investigation. At Oyem we have built an exploration camp and intend to utilise our light mobile drill rig and the planned infill soil sampling programme to identify drilling targets that could potentially lead to a discovery. We intend to replicate the Oyem work programme at Ngoutou once our operations are underway at Oyem.

The Board looks forward to reporting on future progress in due course.

Jurie Wessels

Chief Executive Officer

23 August 2011

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended to 28 February 2011.

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. As of 28 February 2011, the Company's issued share capital was 222,377,971 shares of 1 pence each (2010: 130,816,663 shares) and as of 16 March 2011 the issued share capital of the Company was 224,276,578 shares of 1 pence each.

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 2 to 8.

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. 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 12.

The directors do not recommend a dividend for the year ended 28 February 2011 (Year ended 28 February 2010: $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.

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

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

Secretary

OH Kruger

23 August 2011

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.

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

JH Wessels

23 August 2011

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Goldstone Resources Limited for the year ended 28 February 2011 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company'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 Chief Executive's Report to identify material inconsistencies with the audited financial statements. 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 Company's affairs as at 28 February 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- 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.

Andrew Isham, BA, FCA
For and on behalf of Deloitte LLP
Chartered Accountants
St. Helier, Jersey
23 August 2011

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2011

	Note	Year ended 2011 $	Year ended 2010 $
Revenues			
Interest receivable		8,621	867
		8,621	867
Exploration expenses			
Exploration expenses	3	(667,688)	(134,508)
Gross loss		(659,067)	(133,641)
Other operating expenses		(885,646)	(476,138)
LOSS FOR THE FINANCIAL YEAR	4	(1,544,713)	(609,779)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(1,544,713)	(609,779)
Loss per ordinary share			
Basic and diluted loss per share (cents per share)	10	(0.7)	(0.5)

The above results are derived from continuing operations.

The notes on page 16 to 24 form part of these financial statements.

BALANCE SHEET
28 February 2011

	Note	Year ended 2011 $	Year ended 2010 $
FIXED ASSETS			
Tangible assets	5	38,651	18,282
Investment in a subsidiary	6	1	-
		38,652	18,282
CURRENT ASSETS			
Cash at bank	11	5,560,395	699,890
		5,560,395	699,890
CREDITORS: amounts falling due within one year			
Creditors and accruals		167,678	104,462
Net current assets		5,392,717	595,428
TOTAL ASSETS LESS CURRENT LIABILITIES		5,431,369	613,710
CAPITAL AND RESERVES			
Share capital	7	3,746,214	2,354,482
Share premium		19,426,002	13,849,554
Capital contribution reserve		555,110	555,110
Share options and warrants reserve	9	(605,808)	-
Profit and loss account – (deficit)		(17,690,149)	(16,145,436)
SHAREHOLDERS' FUNDS		5,431,369	613,710

These financial statements were approved by the Board of Directors on 22 August 2011.

Signed on behalf of the Board.

J H Wessels

Director

The notes on page 16 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
28 February 2011

	Note	Year ended 2011 $	Year ended 2010 $
SHARE CAPITAL – £0.01 per value	7		
At 1 March		2,354,482	2,354,482
Issue of shares		1,391,732	-
At 28 February		3,746,214	2,354,482
SHARE PREMIUM			
At 1 March		13,849,554	13,849,554
Issue of shares	7	4,970,640	-
Fair value of share options		605,808	-
At 28 February		19,426,002	13,849,554
CAPITAL CONTRIBUTION RESERVE		555,110	555,110
SHARE OPTIONS AND WARRANTS RESERVE	9	(605,808)	-
ACCUMULATED DEFICIT			
Balance at beginning of year		(16,145,436)	(15,535,657)
Net loss		(1,544,713)	(609,779)
Balance at end of year		(17,690,149)	(16,145,436)
		5,431,369	613,710

The notes on page 16 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
28 February 2011

	Year ended 2011 $	Year ended 2010 $
Loss for the financial year	(1,544,713)	(609,779)
Adjusted for:		
Depreciation	10,162	4,095
Interest received	(8,621)	(867)
Decrease in debtors	-	19,195
Increase in creditors	63,215	62,896
Net cash outflow from operating activities	(1,479,957)	(524,460)
Investing activities		
Interest received	8,621	867
Purchase of fixed assets	(30,531)	(10,351)
Net cash outflow from investing activities	(21,910)	(9,484)
Financing activities		
Proceeds from issue of ordinary share capital	6,362,372	-
Increase/(decrease) in cash	4,860,505	(533,944)
Cash at beginning of the year	699,890	1,233,834
Cash at end of the year	5,560,395	699,890

The notes on page 16 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in United States Dollars and in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments. The particular accounting policies adopted are described below.

Going concern

As further detailed in the Chief Executive's Report on pages 2 to 8, the directors pursue projects that have the potential to enhance share holder value. All projects requires financial resources to progress and may in future require significant funding to commercialise. To provide the Company with adequate working capital the further raising of funds may be necessary. Based on the expected exploration expenditure on projects 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. 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

There are no new and revised standards and interpretations adopted in these financial statements affecting the reporting results or financial position of the company.

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

- Improvements to IFRSs 2010 (May 2010) - effective beginning 1 July 2010 or 1 January 2011

- IAS 27 (revised) 'Separate Financial Statements' - effective beginning 1 January 2013

- IAS 12 (amended) 'Deferred Tax: Recovery of Underlying Assets' - effective beginning 1 January 2012

- IFRS 7 (amended) 'Disclosures – Transfers of Financial Assets' - effective beginning 1 July 2011

- IFRS 9 '*Financial Instruments'* - effective beginning 1 January 2013

- IFRS 10 '*Consolidated Financial Statements'* - effective beginning 1 January 2013

- IFRS 11 'Joint Arrangements' - effective beginning 1 January 2013

- IFRS 12 'Disclosure of Interests in Other Entities' - effective beginning 1 January 2013

- IFRS 13 'Fair Value Measurement' - effective beginning 1 January 2013

The reported results and position of the company will not change on adoption of these pronouncements as they do not result in any changes to the company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The directors do not intend to adopt any of these pronouncements before their effective dates. The directors have considered other new and revised standards and believe that they are not relevant to the activities undertaken.

Investment in a subsidiary

Goldstone Akrokerri Limited, previously known as 'Pan-African Resources (Ghana) Limited' which is a dormant company, was not consolidated because the resulting impact on the company's financial statements would not influence the economic decisions of the users due to immateriality. The investment is reflected at cost less impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Office equipment	25%
Computer Equipment	33.3%
Motor Vehicle	25%

Gold samples are stated at cost and are not depreciated.

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 company are recognised at the proceeds received, net of direct issue costs.

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 directors are vested at the date of grant and the fair value of the share options have been treated as part of the cost of raising capital in the Company and are charged to other reserves with a corresponding increase in share premium. The fair value is measured using an option pricing model.

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.

Use of estimates

The preparation of the financial statements in conformity with IFRSs requires management to make estimates and assumptions, particularly with valuation of share options granted to the company directors and estimated useful life of the tangible fixed assets. Actual results could differ from those estimates.

Significant accounting judgments, estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. Actual results may differ from these estimates. The key estimates and assumptions are in relation to:

Share-based payment transactions and warrants

The company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model and the estimates and underlying assumptions are reviewed on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

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

3. EXPLORATION EXPENSES

	Year ended 2011 $	Year ended 2010 $
Exploration expenses	(667,688)	(134,508)
	(667,688)	(134,508)

4. OPERATING LOSS FOR THE FINANCIAL YEAR

The operating loss is stated after charging:

	2011 $	2010 $
Auditor's remuneration	13,837	10,580
Depreciation	10,163	4,095
Foreign exchange difference	(398,740)	(10,785)
Directors' Remuneration – Executive Directors	370,800	208,707
Directors' Remuneration – Non Executive Directors	30,768	13,979

5. TANGIBLE FIXED ASSETS

	Gold samples $	Computer equipment $	Office equipment $	Field/ geological equipment $	Motor Vehicle $	Total $
Cost						
At 1 March 2010	4,570	42,319	67,943	56,228	-	171,060
Additions	-	5,701	17,772	-	7,058	30,531
At 28 February 2011	4,570	48,020	85,715	56,228	7,058	201,591
Accumulated depreciation						
At 1 March 2010	-	41,344	57,509	53,925	-	152,778
Charge for the year	-	1,761	5,970	1,108	1,323	10,162
At 28 February 2011	-	43,105	63,479	55,033	1,323	162,940
Net book value						
At 28 February 2011	4,570	4,915	22,236	1,195	5,735	38,651
At 28 February 2010	4,570	975	10,434	2,303	-	18,282

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

5. TANGIBLE FIXED ASSETS (continued)

	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

6. INVESTMENT IN SUBSIDIARY AND JOINT VENTURE LICENSE

In undertaking its operations the company enters into a number of licences and holding agreements which reflect in the funding and flow arrangements. Attributable costs have been included in the company's results for the year.

7. SHARE CAPITAL

	2011	2010
Authorised		
250,000,000 ordinary 1 pence shares	£2,500,000	£ 2,500,000
Called up, allotted and fully paid		
222,377,971 (2010:130,816,633 ordinary 1 pence shares)	£2,223,780	£ 1,308,166
Converted to US$ at date of issue	$3,746,214	$ 2,354,482

During the year, the company has issued a total of 91,561,308 new ordinary shares, all of which rank pari passu with the existing ordinary shares. The amount raised was $6,362,372 (2010: $nil). As of 16 March 2011 the issued share capital of the Company was 224,276,578 shares of 1 pence each by virtue of the issue of 1,898,607 new ordinary shares.

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

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

8. RELATED PARTY TRANSACTIONS

The interests of the Directors in the share capital of the company, whether beneficial or non-beneficial, are as follows:

Name	**No. of Ordinary Shares Under Option**
Jurie Wessels	7,600,000
Hendrik Schloemann	7,600,000
Gennen McDowall	1,500,000

Details of all share based payments are disclosed in note 9.

9. SHARE OPTIONS AND WARRANTS

In prior years, the company has granted options to directors which give right to subscribe for a total of 3,000,000 ordinary shares at an exercise price of 1.50p each for a five year period commencing one year after the date of grant being 15 August 2008.

In 2010, the company granted further options to Jurie Wessels and Hendrik Schloemann which give them the right to subscribe for 3,400,000 shares at 3.0p vesting on 22 February 2011 and a further 3,400,000 shares at 5.0p vesting on 22 August 2011.

During the current year, the company granted 1,500,000 share options to Gennen McDowall at an exercise price of 6.5p from 30 June 2011 to 28 June 2012. Fair value of this option was $51,665.

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 remained contracted to the company at the date of exercise.

	2011		**2010**	
Details of the share options outstanding during the year:	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 March	9,800,000	3.23p	3,000,000	1.5p
Granted in the year	1,500,000	6.5p	6,800,000	3.0p/5.0p
Share options forfeited during the year	-	-	-	-
Share options expired during the year	-	-	-	-
Outstanding at end of year	11,300,000	3.67p	9,800,000	3.23p
Exercisable share options at end of the year	6,400,000	2.3p	3,000,000	1.5p

Warrants

In January 2010, the company granted 1,898,607 warrants with an exercise price of 3.5p issued to Optiva Securities Ltd. These warrants were exercised post year-end. The closing price of the company’s warrants on the date of grant issued in prior year was lower than the exercise price. Thus, the fair value of the warrants is nil at the date of grant.

On 7 May 2010, the company also granted 10,901,389 warrants with an exercise price of 8.5p vesting from 8 November 2011 up to 7 November 2012 and a further 10,901,389 warrants with an exercise price of 11.5p vesting from 8 May 2012 up to 7 November 2012 to Unity Mining Ltd. Fair value of these two warrants were $290,280 and $263,863 respectively.

All shares issued pursuant to the exercise of warrants rank pari passu in all respects with the ordinary shares.

9. SHARE OPTIONS AND WARRANTS (continued)

The Black-Scholes formula is the option pricing model applied to the grant of share options and warrants in respect of calculating the fair values. Key inputs to the model are as follow:

	Share options	Share warrants	
		7 May 2010	7 May 2010
Share price at grant	3.5p	5.13p	5.13p
Option exercise price	6.5p	8.5p	11.5p
Expected life of options	7 years	2.5 years	3 years
Expected volatility	70.7	70.7	70.7
Expected dividend yield	0%	0%	0%
Risk free rate	5.3%	5.3%	5.3%
Fair value per share option	2.12p	1.64p	1.49p
Exchange rate used	1.6265	1.6265	1.6265

Volatility has been based on the company's trading performance to 28 February 2011. The risk free rate has been determined based on 5 year government bonds.

The closing price of the company's shares on the date of grant for options issued in prior years was lower than the exercise price. Thus, the fair value of the options is negligible at the date of grant.

Total fair value as considered in share options and warrants reserve was $605,808.

10. 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. Since there were no dilutive shares at year end weighted average number of ordinary shares are the same in both instances.

	2011	**2010**
	$	**$**
Loss per ordinary share		
Loss attributable to share holders	(1,530,877)	(609,779)
Weighted average number of ordinary shares	222,377,971	130,816,633
Basic and diluted loss per share	(0.7)	(0.5)

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

	2011	**2010**
	Number	**Number**
Share options	11,300,000	9,800,000
Warrants	21,802,778	1,898,607

11. CASH AT BANK

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

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

11. CASH AT BANK (continued)

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.

	2011	**2010**
	$	**$**
Sterling	4,782,446	117,734
US Dollars	760,372	539,993
South African Rand	17,577	42,163
	5,560,395	699,890

12. 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.

13. 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 as is described from time to time 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, Central 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:

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

13. FINANCIAL RISK MANAGEMENT (continued)

	2011 $	2010 $
ZAR for 1 US$	6.959	7.72
US$ for 1 Sterling	1.625	1.52
ZAR for 1 Sterling	11.2864	11.73

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 2011		
	£	**ZAR**	**Total**
Decrease in equity	(7,167)	(18,594)	(25,761)

	28 February 2010		
	£	**ZAR**	**Total**
Increase/(decrease) in equity	(18,940)	(406)	(19,346)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company does not have any trade receivable outstanding as of 28 February 2011 and 2010 and for this reason the company is not subject to any credit risk.

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.

14. 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.

15. 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 ('SARS'). Due to the loss making position of the company, there is no tax charge in relation to South African taxation this year (2010: $nil).

NOTES TO THE FINANCIAL STATEMENTS
28 February 2011

16. POST BALANCE SHEET EVENTS

In March 2011, the following warrants were exercised and converted to shares:

	Number of shares	**Value £**
Warrants to Optiva Securities Ltd	1,898,607	66,451

On 31 March 2011, Jurie Wessels and Henrik Schloemann were granted options to subscribe for 5,400,000 shares of 1p each in the company at exercise price of 10p from 31 March 2012, 12p from 31 March 2013, and 14p from 31 March 2014. The company also granted 1,950,000 options to its members of staff at an exercise price of 9p from 31 March 2012.

On 25 May 2011, Unity Mining Limited was considered as the beneficial holder representing a 33.18% ownership in the company.