GoldStone Resources Limited

Annual Report and Consolidated Financial Statements
for the year ended
31 December 2017

contents

general information

director details:
E Priestley
R Lloyd
W Trew (appointed 2 October 2017)
A List (appointed 27 November 2017)
R Wilkins (appointed 29 November 2017)
B Foster (resigned 4 April 2017)
N Gardyne (resigned 2 October 2017)

company secretary:
Hawksford Trust Company Jersey Limited (registered number 1383)
15 Esplanade, St Helier, Jersey, JE1 1RB

registered office:
15 Esplanade, St Helier, Jersey, JE1 1RB

auditor:
PKF Littlejohn LLP
1 Westferry Circus, Canary Wharf, London, E14 4HD

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

broker adviser:
SI Capital Limited
46 High Street, Godalming, Surrey, GU7 1HL

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

chairman's report

It gives me great pleasure to present my first statement since my appointment as Chairman in October 2017, providing me with the opportunity to share my vision for GoldStone Resources Limited ("GoldStone" or the "Company") in the coming year and longer term.

My background, spanning 38 years in the gold mining and engineering industry worldwide, including being closely involved in the design and construction of 23 gold processing plants as Design Engineer and Project Manager and also as a plant owner, has provided me with significant experience and knowledge and I look forward to using this as we seek to move GoldStone towards production. I believe strongly that GoldStone's Akrokeri-Homase Project ("AKHM") is a very exciting project – a project that will form the foundation of our strategy to build a highly profitable gold mining company.

Along strike from one of West Africa's largest gold mines, AngloGold Ashanti's Obuasi Gold Mine which has total historical and current resource in excess of 70 million ounces of gold, AKHM covers an area of known mineralisation, two historically producing mines, Akrokeri and Homase, and has a current JORC Code compliant resource of 602,000 ounces at an average grade of 1.77g/t of gold. I have spent these initial months working with the team to identify the route to production and I believe significant progress has been made in this regard, as we aim to target production within two years. In addition the results of recent field work, together with the review of historic data, has provided us with a much greater understanding of the potential for AKHM and I believe there is significant potential for resource expansion around both historic mines.

2017 saw GoldStone undergo significant corporate change, most notably through the addition of two major shareholders and various changes to the Board. The addition of two strategic investors, BCM Investment Limited ("BCM"), one of Africa's largest private contract mining groups, and Paracale Gold Limited ("Paracale"), a mining investment company focused on mineral exploration and mine development opportunities, have provided significant impetus to GoldStone and reflects its evolution as it seeks to move from exploration into being a development and production company. Following Paracale's investment, I was pleased to join the Board as Non-executive Chairman in October 2017 and I was pleased to subsequently welcome both Angela List, following BCM's investment, and Richard Wilkins as Non-executive Directors, providing additional strength and depth to the Board's experience.

Similarly, our operational management team was significantly strengthened by the appointment of Darryl Norton as Chief Operating Officer in August 2017. Darryl is now based in Ghana full-time, has been the Technical Director for MAED Ltd for over 30 years and has personally overseen the development of a number of highly successful gold plants in West Africa and Asia. Darryl has a specific mandate to accelerate development activities on the ground and I am confident that he will advance AKHM and achieve production within two years.

Outlook

Our significantly strengthened management team, led by CEO Emma Priestley, has continued to unlock value through its development activities on the ground at AKHM during 2017, and in the year to date, and it is the Board's intention, subject to funding, to continue to accelerate this work during the remainder of 2018.

We look forward to delivering further news in the coming months as we work to achieve our target of realising production within the Company, whilst simultaneously proving-up the wider resource potential of the entire AKHM project in order to establish a long-term, sustainable gold production project.

W Trew
Chairman
28 June 2018

chief executive officer's report

2017 saw GoldStone achieve several operational objectives, which advanced the Company's strategy to commence production at our flagship Akrokeri-Homase Project in the near term.

Building on the encouraging drilling results announced in 2016, the Company undertook a review of all of the available historic data on the existing JORC Code compliant resource for AKHM. This review has significantly increased confidence of a mineable resource within the oxide zone of the Homase trend, which runs for over 8 km (the "Homase Trend") from the historic Akrokeri underground mine (the "Akrokeri Mine") to the north of the Homase open pit (the "Homase Pit").

As previously announced, the Company has completed a deep trenching programme in conjunction with a reverse circulation ("RC") infill drill programme on the known oxide zone of the JORC Resource to progress the pit definition programme for the proposed pit, initially identified as AK01 North and South. It consisted of 26 holes for a total of 1,470 metres, to progress to pit modelling. The assay results from the RC programme, announced on 9 November 2017, exceeded expectations, with the arithmetic average of the grades being 1.8g/t over a 10.5 metre drilling width (approximately 7 metres true width) within the mineralised zone of the proposed pit (sample cut-off 0.5g/t) within the Akrokeri licence, south of the Homase Pit, along strike in the Homase Trend. The continuous strike length over the proposed pit is approximately 1,500 metres, compared to the approximately 700 metres strike length of the Homase Pit which was mined by Ashanti Goldfields Limited ("AGF") between 2002 and 2003 and produced 52,452oz gold at an average recovered grade of 2.85g/t.

Preliminary metallurgical testwork was carried out upon the trenching samples for the proposed pit by The University of Mines and Technology (UMaT) in Tarkwa, Ghana to assess the amenability of the oxide mineralisation to processing. The results, announced on 11 December 2017, verified that the oxide zone is extremely amenable to both the heap leach and to CIL gold recovery processes. This preliminary test work, also demonstrated that almost 90% of the recoverable gold via the heap leach method is achieved within the first 15 days of leaching. Thus indicating that a scale up to mine operation would be very successful.

These preliminary steps provided the data to initiate the pit design for the proposed pit and the platform for the scoping study to proceed towards with an application for a mining permit.

This programme was undertaken in conjunction with the continued review by the Company of the historical database for the AkrokerI and Homase licences. It is an extensive database which is growing as the Company continues to identify and collate historic data from previous holders of the licences. The additional information, including from AngloGold Ashanti Limited's archive, provided GoldStone with the historical production and processing data for the Homase Pit when they operated it between 2001 to 2003. The Company also acquired historical data from the Ghanaian Minerals Commission and British Archives, pertaining to the former Akrokeri Mine, owned by Akrokeri (Ashanti) Mines Limited, which operated in the early 1900s.

The review of historical data showed that the Homase Pit, produced 52,452oz gold, which was significantly in excess of AGF's original estimate of 35,799oz gold, reported in AGF's Homase Pit Mining Reconciliation June 2002-03. According to AGF's mining reconciliation figures, there was a significant increase in tonnage and minor increases in grade and density compared to the original estimates. The differences are between the ore reserve model (based on pre-production drilling) and the grade control model (based on more closely spaced drilling during production).

One of the features that resulted in the higher recovery of gold from the Homase Pit was the higher than anticipated widths in the upper zones of the mineralisation, which caused a mushroom effect, i.e. near-surface gold mobilisation and re-deposition.

AGF also reported pinching and swelling within the mineralised structure. This is a consistent feature throughout the Homase/Obuasi shear system. Ore shoots at the nearby Obuasi mine are characterised by tight echelon lenses. If these are repeated within the proposed pit on the Akrokeri licence, there is potential for increased gold content to continue at depth.

The review of the historic Akrokeri data, indicates that exploration activity started in the 1890s when two shafts were sunk at the Akrokeri Mine site. Production started in 1904, and the underground mine produced some 75,000 ounces of gold from about 104,000 tons of ore, with a recovered grade of about 0.73oz/tonne, equivalent to 24g/t. However, due to a high inflow of water, the mine was closed in 1909.

Drilling around the old Akrokeri Mine was undertaken in 1996 by Birim Goldfields Ltd ("Birim"), comprising nine Diamond Drill ("DD") holes totalling 2,000 metres and subsequently in 2008, Pan African Resources Plc ("PAR") drilled 10 DD holes totalling some 3,200 metres, these holes have accurate spatial data. These holes were located north and south of Akrokeri town along the known quartz vein. Analysis presented that the core from four of the DD holes drilled by PAR were not assayed and that the logging from both the Birim and the PAR programmes was incomplete. The Company has now completed the re-logging and is proceeding to assay these PAR cores.

Senegal

We are encouraged by the recent acquisition of the raw drill data from the programme undertaken by Randgold Plc in 2012, on the Sangola project in Senegal and these results are currently being reviewed. The title to the licences are maintained and upon a satisfactory review of data, the Company will apply for the extension of the exploration licence.

Gabon

Whilst GoldStone maintains the title to the two licences in Gabon, Oyem and Ngoutou, the Board has agreed, after careful consideration, due to the expected mandatory expenditure as defined in the former exploration licence agreement, to rescind these licences. This takes into account that the licences are at an early stage with limited value and accordingly, do not fit in with our focus of seeking to prioritise assets that can be advanced towards production.

Ghana

Whilst GoldStone has maintained a joint venture agreement with Asasemu Mining, a Ghanaian company (15% GoldStone: 85% Asasemu Mining), to develop the Manso Amenfi Prospecting Licence, the Board has agreed, after careful consideration, due to the expected mandatory expenditure as defined in the former joint venture agreement, to rescind the agreement with the licence holder. This takes into account that the licence is at an early stage with limited value and accordingly, does not fit in with our focus of seeking to prioritise assets that can be advanced towards production.

Former Director Claim

As announced on 13 October 2016, there is an outstanding claim by a former director of the Company. Legal advice has been sought and at the current time no estimate is available as to the likelihood or potential value of damages to the Company in respect of this claim. The Board believes there is no merit in the claim and the amount due is not considered to be of significance. The case will be heard in the South African Labour Court. This has been disclosed as a contingent liability in note 16 to the financial statements.

Working capital management and Funding

During 2017, the Company secured a £0.4 million convertible loan (the "Loan") with Paracale Gold Limited ("Paracale"), on 3 April 2017, of which £0.2million was drawn down immediately and with the approval of the resolutions at the Annual General Meeting ("AGM") held on 2 June 2017, the second tranche of £0.2 million was drawn down in full. Subsequently the Loan plus accrued interest was converted into 40,352,377 new ordinary shares of 1p each in the capital of the Company ("Ordinary Shares").

Pursuant to the Loan, the Company issued Paracale warrants to subscribe for up to 40,352,377 of new Ordinary Shares, exercisable at a price of 2 pence per share before 10 August 2019.

In September 2017, the Board announced that GoldStone had raised £1.5 million gross by way of a subscription for 100,000,000 new Ordinary Shares at 1.5 pence per share with new and existing shareholders. The fundraising welcomed BCM Investment Limited ("BCM") to our shareholder register, with Paracale also participating and thereby increasing its interest in the Company. The Board values the support and credentials of both Paracale and BCM, and remains confident that both will be long-term strategic investors and stakeholders in the Company, as it moves towards its goal of achieving production from AKHM with two years.

Risk management

The Board has identified the following as being principal strategic and operational risks (in no particular order):

Going concern

As at 27 June 2018, the Company had cash of US$730,490. The directors consider the Company has sufficient funds to meet its corporate overheads for the next 12 months, but will seek funding to meet its development aims.

The Board has, therefore, adopted the going concern basis, and remains confident that it will raise the funding as and when required. Further details on their assumptions and their conclusion thereon are included in the statement of going concern included in note 2b to the financial statements.

Exploration and Development

Exploration and development for natural resources is speculative and involves significant risk. Drilling and operating risks include geological, geotechnical, seismic factors, industrial and mechanical incident, technical failures, labour disputes and environmental hazards.

The directors are evaluating each stage of the development of its projects site by site in order to mitigate as far as possible these risks inherent in exploration. Use of modern technology and electronic tools assist in reducing risk in this area. Good employee relations is also key in reducing the exposure to labour disputes. The Company is committed to following sound environmental guidelines and practice and is keenly aware of the issues surrounding each individual project.

Country and political

GoldStone's projects are in Ghana and Senegal. Emerging market economies could be subject to greater risks including legal, regulatory, economic and political risks and are potentially subject to rapid change.

The Board routinely monitors political and regulatory developments in its countries of interest. Since the elections in Ghana, in December 2016, the Government have shown positive steps towards the mining sector, the improved policing of illegal small-scale mining operations, and improvement of the licence approval system. The Government are currently reviewing the tax and royalty rates towards precious metals. In addition, the Company actively engages in dialogue with relevant Government representatives in order to keep abreast of all key legal and regulatory developments applicable to its areas of interest. GoldStone maintains the internal processes in place to ensure that it is wholly compliant with all relevant regulations in order to maintain its licences within each country. These country risks are further addressed in notes 2(d)(ii) and 3(j) to the financial statements.

Social, Safety and Environmental

GoldStone's success may depend upon its social, safety and environmental performance as failures can lead to delays or suspensions of its activities.

GoldStone takes its responsibilities in these areas seriously and monitors its performance across these areas on a regular basis. As AKHM develops through drilling, metallurgical and engineering studies, we are strengthening our relationships with the communities living within the concession areas and close to the projects. The immediate focus has been sanitation and drinking water for each of the schools within our concession areas and the Company continues to build on the community relationships in order to build a co-operative with the smallholder farmers and out-grower schemes with the communities. These schemes benefit both the communities in which we will be operating and our investors into the agricultural programmes.

Well-Positioned to advance AKHM towards production

Following the work undertaken in 2017 and the strengthened Management and Board appointments, GoldStone is now strongly positioned to accelerate development at AKHM as we target initial production from AKHM within two years. We will continue to update the market throughout the remainder of 2018, detailing our strategy to achieve near term production, and also report on our operational successes as we move closer to this goal.

chief executive officer's report **(continued)**

I would like to thank Neil Gardyne who stepped down as Non-executive Chairman in October 2017. Neil guided the Company through a period of transition and I wish him well with his endeavours going forward. I would also like to thank shareholders for their ongoing support as we move GoldStone towards production and I look forward to developing the Company with my fellow Board members, management team and the Company's advisers over the course of 2018 and into 2019.

Chief Executive Officer
28 June 2018

The directors present their report and consolidated financial statements (the "financial statements") for GoldStone Resources Limited ("GoldStone" or the "Company") and its subsidiaries (together "the Group") for the year ended to 31 December 2017.

Incorporation

The Company was incorporated in Jersey as a private company under the Companies (Jersey) Law 1991 on 17 April 1998. The Company was changed from a private company to a public company on 16 March 2004. The Company was successfully admitted to trading on the AIM market of the London Stock Exchange on 25 March 2004. As of 31 December 2017, the Company has an issued share capital of 249,707,991 ordinary shares of 1 pence each (December 2016: 102,286,363 ordinary shares).

Principal activity and review of business

The Company's principal activity is that of a holding company. The Group's principal activity is development and exploration of gold and associated elements. The directors are currently active in pursuing the Group's exploration projects and prospects in West and Central Africa, with the main focus being the Company's Akrokeri Homase Project ("AKHM") in Ghana. A review of the Company's performance and indications of likely future development is included in the CEO's report.

Going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information for the foreseeable future; in particular for the 12 months from the date of approval of these financial statements. This assessment included consideration of future plans, expenditure commitments in place, cost reduction measures that can be implemented, licence requirements and the ability of the directors to raise further funds going forward.

As disclosed in Note 2(b) to the financial statements, the directors have a reasonable expectation and are confident that the Group will be able to raise the requisite funding to achieve its development aims to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The loss for the financial year is set out in the consolidated statement of comprehensive income on page 19. The directors do not recommend a dividend for the year ended 31 December 2017 (year ended 31 December 2016: US$ nil).

Events after the Reporting Period

GoldStone has continued with assessing the former Akrokeri Mine and accessing the old workings. This has included a review and re-logging of historic diamond core ("DD") holes drilled under or adjacent to the former mine. As announced on 7 June 2018, the review confirmed mineralised intercepts of up to 1.0 metre at 51.01 g/t Au. Two further DD holes identified from the 2012 drilling programme, indicated gold bearing quartz intersections in the footwall of the mine and the Company is currently assaying four historic DD holes drilled by Pan African Resources Plc which were not assayed at the time. These results that have not been previously disclosed to the market, have assured the Company that the Akrokeri Mine, together with the Homase Pit, provide two highly prospective targets within GoldStone's licences.

The Company also undertook a soil geochemistry programme to identify the wider resource potential of AKHM. This was carried out in combination with a review of the historical geochem and trenching programmes and has highlighted the Homase Trend, an >8 km gold-in-soil anomaly which runs from the historic Akrokeri Mine to north of the Homase Pit. The Company has commenced a scoping study to better define the oxide resource potential of the Homase Trend to the north and south of the Homase Pit.

The 2018 soil programme also defined a gold-in-soil anomaly for 2.4 km south of the Akrokeri Mine and delineated parallel mineralised gold structures which may provide further mineral resource upside potential following evaluation work.

Directors

The directors of the Company who served during the year and to the date of this report are as set out on page 2.

The directors' shareholdings are as follows:

Director	**Number of shares held directly at 31 December 2017**	**Percentage shareholding**
Neil Gardyne	1,226,929	0.5%
Emma Priestley	2,711,546	1.1%
Richard Lloyd	1,130,776	0.5%
William (Bill) Trew*	4,000,000	1.6%
Angela List**	-	-
Total	**9,069,251**	**3.7%**

** Mr Trew is a director and shareholder of Paracale Gold Limited, which currently holds 70,352,377 ordinary shares in Goldstone representing 28.17% of its currently issued share capital. Together with his interest held directly Bill Trew and Paracale Gold Limited will be interested in, in aggregate, 74,352,377 ordinary shares, representing 29.78% of the Company's currently issued share capital.*

*** Mrs List, is a director of BCM Investment Limited which is interested in 50,000,000 ordinary shares representing approximately 20.02% of the Company's issued share capital.*

No Director's held any share options at the year-end (2016: Nil)

Major shareholdings

As at 27 June 2018, the Company had been notified of the following interests in the Company's ordinary share capital:

Name	**Number of shares**	**Percentage shareholding**
Paracale Gold Limited	70,352,377	28.17%
BCM Investments Limited	50,000,000	20.02%
Hargreave Hale Nominees Limited	11,206,586	4.49%
Pershing Nominees Limited	10,000,000	4.00%
SVS (Nominees) Limited	9,000,000	3.60%
Chase Nominees Limited	8,000,000	3.20%

Corporate governance

The Company is committed to high standards of corporate governance and seeks to continually evaluate its policies, procedures and structures to ensure that they are fit for purpose.

In order to protect the interests of its shareholders and other stakeholders the Board has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code").

The Company acknowledges the new AIM Rules for Companies and the requirements regarding Corporate Governance, which were announced in March 2018, and will ensure that they are implemented on a timely basis before the 28 September 2018 deadline.

Financial instruments

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group has in place a risk management programme that seeks to contain, where appropriate, exposures in these financial risks in order to limit any negative impact on the Group's financial performance and financial position.

The Board maintains responsibility of monitoring financial risk and setting the policies that are implemented by the Group's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

Details on the Group's exposure to foreign exchange risk, credit risk, liquidity risk and interest rate risk are shown at note 15 to the financial statements.

Provision of information to Auditor

The directors who held office at the date of this report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

PKF Littlejohn LLP has expressed their willingness to continue in office.

Company secretary:

Hawksford Trust Company Jersey Limited (registered number 1383)
15 Esplanade, St Helier, Jersey, JE1 1RB

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

Emma Priestley
Director
28 June 2018

statement of directors' responsibilities

The directors are responsible for preparing the consolidated financial statements (the "financial statements") for GoldStone Resources Limited ("GoldStone" or the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2017 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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and of the profit and loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Jersey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Group's website.

Signed on behalf of the Board of Directors

Emma Priestley
Director

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GOLDSTONE RESOURCES LIMITED

Opinion

We have audited the financial statements of Goldstone Resources Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

Group materiality 2017	Group materiality 2016	Basis for materiality
US$ 170,000	*US$140,000*	*Blend of a percentage of gross assets and loss before tax*

Our calculation of materiality increased from the prior years, due to the increase in gross assets in the period. We consider the intangible assets balance to be the most significant determinant of the Group's financial position and performance used by shareholders.

Materiality was set at US$170,000 for the consolidated balances, and the group entities were not treated separately in terms of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during our audit in excess of US$8,500.

There were no misstatements identified during our audit that were individually, or in aggregate, considered to be material.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the director's and considered future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. The Parent Company and Goldstone Akrokeri (Ghana) Limited represent the principal business units in the Group upon which we performed audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration assets:
The carrying value of intangible assets as at 31 December 2017 was US$6.8m which comprises of exploration and development expenditure on the Homase and Akrokeri gold assets. There is the risk that the carrying value of these are impaired and that exploration and development costs capitalised during the year are not in accordance with IFRS 6.
How the scope of our audit responded to the key audit matter
We performed an impairment review of the carrying value of the intangible asset held. Our work included: • Reviewing and considering the impairment indicators in IFRS 6 in relation to the asset held; • Obtaining and reviewing the Independent Mineral Resource Estimation Report; • Obtaining support for ownership; and • Reviewing with management the basis for impairment or non-impairment and challenging any assumptions made. We undertook substantive testing on capitalised expenditure during the year to ensure it met the capitalisation criteria of IFRS 6

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

Responsibilities of directors

As explained more fully in the statement of directors’ responsibilities, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: *http://www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor’s report.

Use of our report

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.

Joseph Archer

Joseph Archer (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
28 June 2018

1 Westferry Circus
Canary Wharf
London E14 4HD

consolidated statement of financial position

as at 31 December 2017

in united states dollars		2017	2016
assets			
non-current assets			
property, plant and equipment	7	5,722	6,809
intangible assets – exploration	8	6,800,827	6,344,127
non-current assets		**6,806,549**	**6,350,936**
current assets			
trade and other receivables		3,220	239
cash and cash equivalents	10	1,626,057	135,572
current assets		**1,629,277**	**135,811**
total assets		**8,435,826**	**6,486,747**
equity			
share capital – ordinary shares	11	3,480,430	1,526,658
share capital – deferred shares	11	6,077,013	6,077,013
share premium	11	27,219,262	26,495,336
capital contribution reserve		555,110	555,110
share options reserve		90,650	49,447
accumulated deficit		(29,046,364)	(28,250,029)
total equity		**8,376,101**	**6,453,535**
liabilities			
current liabilities			
trade and other payables	14	59,725	33,212
current and total liabilities		**59,725**	**33,212**
total equity and liabilities		**8,435,826**	**6,486,747**

The consolidated financial statements were approved by the Board of Directors on 28 June 2018.
Signed on behalf of the Board

Emma Priestley
Chief Executive Officer

The accounting policies and notes on page 22 to 43 form part of these consolidated financial statements.

consolidated statement of comprehensive income

for the year ended 31 December 2017

in united states dollars		year ended 31 December 2017	year ended 31 December 2016
continuing operations			
other income		-	1,758
exploration expenses		-	(370)
administrative expenses		(805,854)	(838,127)
operating loss	5	**(805,854)**	**(836,739)**
finance income		410	1,865
net finance income		**410**	**1,865**
loss before tax		(805,444)	(834,874)
tax expense		-	-
loss for the year from continuing operations		**(805,444)**	**(834,874)**
other comprehensive income		-	-
total comprehensive loss for the year		(805,444)	(834,874)
earnings per share from operations			
basic and diluted earnings per share attributable to the equity holders of the company during the year (expressed in US$ per share)	12	(0.005)	(0.011)

The accounting policies and notes on page 22 to 43 form part of these consolidated financial statements.

consolidated statement of changes in equity

for the year ended 31 December 2017

in united states dollars	**share capital ordinary shares**	**share capital deferred shares**	**share premium**	**capital contribution reserve**	**share options reserve**	**accumulated deficit**	**total equity**
balance as at I January 2016	**1,008,352**	**6,077,013**	**25,717,878**	**555,110**	**605,808**	**(28,011,854)**	**5,952,307**
total comprehensive loss for the year	-	-	-	-	-	(834,874)	**(834,874)**
issue of ordinary shares	518,306	-	777,458	-	-	-	**1,295,764**
options expired or lapsed in the year	-	-	-	-	(596,699)	596,699	**-**
warrants issued in the year	-	-	-	-	40,338	-	**40,338**
Total transactions with owners, recognised directly in equity	518,306	-	777,458	-	(556,361)	(238,175)	**501,228**
balance as at 31 December 2016	**1,526,658**	**6,077,013**	**26,495,336**	**555,110**	**49,447**	**(28,250,029)**	**6,453,535**
total comprehensive loss for the year	-	-	-	-	-	(805,444)	**(805,444)**
issue of ordinary shares	1,953,772	-	723,926	-	-	-	**2,677,698**
options expired or lapsed in the year	-	-	-	-	(9,109)	9,109	**-**
share warrants expense for the year	-	-	-	-	50,312	-	**50,312**
Total transactions with owners, recognised directly in equity	1,953,772	-	723,926	-	41,203	(796,335)	**1,922,566**
balance as at 31 December 2017	**3,480,430**	**6,077,013**	**27,219,262**	**555,110**	**90,650**	**(29,046,364)**	**8,376,101**

The accounting policies and notes on page 22 to 43 form part of these consolidated financial statements.

consolidated statement of cash flows

for the year ended 31 December 2017

in united states dollars	**year ended 31 December 2017**	**year ended 31 December 2016**
cash flow from operating activities		
loss for the year	(805,444)	(834,874)
adjusted for:		
- depreciation	1,087	3,412
- finance income	(410)	(1,865)
- share based payments	50,312	40,338
changes in working capital:		
- (increase) / decrease in trade and other receivables	(2,982)	673
- increase in trade and other payables	26,513	24,365
net cash used in operating activities	**(730,924)**	**(767,951)**
cash flow from investing activities		
finance income	410	1,865
capitalisation of exploration costs	(456,700)	(637,524)
acquisition of property, plant and equipment	-	(1,110)
net cash used in investing activities	**(456,290)**	**(636,769)**
cash flow from financing activities		
proceeds from short term loan	-	250,000
repayment from short term loan	-	(250,000)
proceeds from issue of ordinary share capital	2,677,699	1,295,762
net cash generated from financing activities	**2,677,699**	**1,295,762**
net increase / (decrease) in cash and cash equivalents	**1,490,485**	**(108,958)**
cash and cash equivalents at beginning of the year	135,572	244,530
cash and cash equivalents at end of the year	**1,626,057**	**135,572**

The accounting policies and notes on page 22 to 43 form part of these consolidated financial statements.

1. reporting entity

The consolidated financial statements (the "financial statements") for the year ended 31 December 2017 comprise GoldStone Resources Limited (the "Company") and its subsidiaries Goldstone Akrokeri (Ghana) Limited and Goldstone Resources Limited Gabon S.A.R.L. (together referred to as the "Group"). The Company is quoted on the AIM market of the London Stock Exchange. The Company is incorporated and domiciled in Jersey (Channel Islands). The address of its registered office is 15 Esplanade, St Helier, Jersey, JE1 1RB. The Company's principal activity is that of a holding company. The Group's principal activity is exploration and mining of gold and associated elements.

2. basis of preparation

(a) statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations (IFRS IC) as adopted by the European Union applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in Note 2(d) and Note 3.

(b) going concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information for the foreseeable future; in particular for the 12 months from the date of approval of these financial statements. This assessment included consideration of future plans, expenditure commitments in place, cost reduction measures that can be implemented, licence requirements and the ability of the directors to raise further funds going forward.

As at 27 June 2018, the Company had cash of US$730,490. The directors consider the Company has sufficient funds to meet its corporate overheads for the next 12 months, but will seek funding to meet its development aims. The Board has, therefore, adopted the going concern basis, and remains confident that it will raise the funding as and when required.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

2. basis of preparation (continued)

(c) functional and presentational currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (its functional currency). These consolidated financial statements are presented in United Stated Dollars, which is the functional and presentational currency of the Group.

Monetary assets and liabilities denominated in other currencies at the statement of financial position date are translated at the exchange rate ruling at that date. These translation differences are dealt with in the statement of comprehensive income. Transactions denominated in other currencies are translated into United States Dollars at the rates prevailing at the date of the transaction.

The results and financial position of the Group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at the monthly average exchange rate; and
- all resulting exchange differences are recognised in the statement of comprehensive income.

(d) use of estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods.

The following is the key estimate and judgement that has a significant risk of resulting in a material adjustment within the next year:

(i) valuation of exploration, evaluation and development expenditure

The value of the Group's exploration, evaluation and development expenditure will be dependent upon the success of the Group in discovering economic and recoverable mineral resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates and potential new legislation and related environmental requirements.

The Group's ability to continue its exploration programs and develop its projects is dependent on future fundraisings the outcome of which is uncertain. The ability of the Group to continue operating within Ghana is dependent on a stable political environment which is uncertain based on the history of the country. This may also impact the Group's legal title to assets held which would affect the valuation of such assets.

There have been no changes made to any past assumptions.

3. **significant** accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

(a) **basis** of consolidation

The consolidated financial statements consolidate the financial statements of the Company and the audited financial statements of its subsidiary undertakings made up to 31 December 2017.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) **financial** instruments

(i) non-derivative financial assets

The Group recognises loans and receivables at fair value on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial assets into the following categories: loans and receivables and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise bank balances only.

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

(ii) non-derivative financial liabilities

The Group recognises financial liabilities initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into trade and other payables.

(iii) share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary shares are recognised as a deduction from equity, net of tax effects.

(iv) deferred shares

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

(c) **intangible** assets – exploration and evaluation

The Group capitalises expenditure in relation to exploration and evaluation of mineral assets when the legal rights are obtained. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. Whenever the exploration for and evaluation of mineral resources does not lead to the discovery of commercially viable quantities of mineral resources or the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

3. significant accounting policies (continued)

(d) impairment of financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss.

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(e) capital management

The primary objective of the Group's capital management is to optimally execute its exploration objectives and, if feasible, to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, exploration results and the need for further exploration capital. To maintain or adjust the capital structure, the Group may issue new shares. The Group considers its capital structure to consist of issued equity.

The Group is not subject to externally imposed capital requirements.

(f) taxation

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised or liability settled.

3. significant accounting policies (continued)

(g) operating leases

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

(h) finance income and finance costs

Finance income comprises interest income on funds invested. Finance income is recognised as it accrues in statement of comprehensive income, using the effective interest method.

Foreign gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(j) risk management

The main financial risks facing the Group are the availability of adequate funding and fluctuations in foreign exchange rates. Constant monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable. The Group only deals with high-quality banks. It does not hold derivatives, trade in financial instruments or engage in hedging instruments.

Its continued future operations depends on the ability to raise sufficient working capital. Management monitors its cash and future funding requirements through the use of on-going cash flow forecasts. All cash, with the exception of that required for immediate working capital requirements, is held on short term deposit.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand, the Ghana Cedis, Sterling and the West African CFA Franc. Foreign exchange risk arises from future commercial transactions and net investments in foreign operations. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

The Group’s liquidity risk is monitored through cash flow forecasts.

4. changes in accounting policies and disclosures

The standards which applied for the first time this year have been adopted and have not had a material impact. The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 December 2017 and have not been adopted early. The Group is currently assessing the impact of these standards and based on the Group's current operations do not expect them to have a material impact on the financial statements.

New Standards	Effective Date
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 1 Insurance Contracts	1 January 2021
Amendments to Existing Standards	
Clarifications to IFRS 15 revenue from Contracts with Customers	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)*	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration*	1 January 2018
Annual Improvements to IFRSs (2014-2016 Cycle)*	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to IFRSs (2015-2017 Cycle)*	1 January 2019

*Not yet adopted by European Union

GoldStone has progressed further its projects dealing with the implementation of these key new accounting standards and is able to provide the following information regarding their likely impact:

IFRS 9 'Financial Instruments'

The standard replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from periods beginning on or after 1 January 2018 and introduces:

- new requirements for the classification and measurement of financial assets and financial liabilities;
- a new model for recognising provisions based on expected credit losses; and,
- simplified hedge accounting by aligning hedge accounting more closely with an entities risk management methodology.

The adoption of IFRS 9 is unlikely to have a material impact on the consolidated results of the Group.

IFRS 15 'Revenue from Contracts with Customers'

The standard is effective for periods commencing on or after 1 January 2018. This standard introduces a new revenue recognition model and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC-31 "Revenue – Barter Transactions Involving Advertising Services.' As the Group has no revenue the introduction of IFRS 15 will have no impact in the financial statements.

IFRS 16 'Leases'

The standard is effective for periods commencing on or after 1 January 2019 and has been endorsed by the EU. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments. The directors continue to consider the potential effects on the Group's financial statements and do not currently expect that there will be a material impact.

5. operating segments

The Group has two reportable segments, exploration and corporate, which are the Group's strategic divisions. For each of the strategic divisions, the Group's CEO, deemed to be the Chief Operating Decision Maker ("CODM"), reviews internal management reports on at least a monthly basis. The Group's reportable segments are:

Exploration and Development: the exploration operating segment is presented as an aggregation of the Homase and Akrokeri licences (Ghana) and the Sangola licence (Senegal). Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

Corporate: the corporate segment includes the holding company costs in respect of managing the Group. There are varying levels of integration between the corporate segment and the combined exploration activities, which include resources spent and accounted for as corporate expenses that relate to furthering the exploration activities of individual licences.

information about reportable segments for the year ended 31 December 2017

in united states dollars	**exploration**	**corporate**	**total**
reportable segment expenditure	**-**	**(805,444)**	**(805,444)**
reportable segment profit/(loss)	-	(805,444)	(805,444)
finance income	-	410	410
depreciation	-	(1,087)	(1,087)
reportable segment assets	**6,847,148**	**1,588,679**	**8,435,827**
reportable segment liabilities	**-**	**(59,725)**	**(59,725)**

notes to the consolidated financial statements (continued)

information about reportable segments for the year ended 31 December 2016

in united states dollars	exploration	corporate	total
reportable segment expenditure	**(1,203)**	**(837,294)**	**(838,497)**
reportable segment profit/(loss)	555	(835,429)	(834,874)
finance income	-	1,865	1,865
depreciation	(833)	(2,579)	(3,412)
reportable segment assets	**6,355,291**	**131,456**	**6,486,747**
reportable segment liabilities	**-**	**(33,212)**	**(33,212)**

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

in united states dollars	year ended December 2017	year ended December 2016
revenues		
total revenue for reportable segments	-	-
consolidated revenue	**-**	**-**
loss		
total loss for reportable segments	(805,444)	(834,874)
consolidated loss from continuing operations	**(805,444)**	**(834,874)**
assets		
total assets for reportable segments	8,435,827	6,486,747
consolidated total assets	**8,435,827**	**6,486,747**
liabilities		
total liabilities for reportable segments	(59,725)	(33,212)
consolidated total liabilities	**(59,725)**	**(33,212)**

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

in united states dollars	reportable segment total	adjustments	consolidated totals
other material items			
finance income	410	-	410
depreciation	(1,087)	-	(1,087)

6. expenses by nature

The operating loss is stated after charging:

in united states dollars	**year ended December 2017**	**year ended December 2016**
auditor's remuneration in respect of audit of the financial statements	25,418	37,178
depreciation	1,087	3,412
foreign exchange difference	14,553	47,781

7. **property**, plant and equipment

in united states dollars	December 2017 cost	December 2017 accumulated depreciation	December 2017 carrying value	December 2016 cost	December 2016 accumulated depreciation	December 2016 carrying value
gold samples	4,570	-	4,570	4,570	-	4,570
computer equipment	58,137	(57,643)	494	58,137	(57,273)	864
office equipment	106,894	(106,236)	658	106,894	(105,519)	1,375
field/geological equipment	56,228	(56,228)	-	56,228	(56,228)	-
motor vehicles	20,000	(20,000)	-	20,000	(20,000)	-
total	**245,829**	**(240,107)**	**5,722**	**245,829**	**(239,020)**	**6,809**

reconciliation of property, plant and equipment – December 2017

in united states dollars	carrying value opening balance	additions	depreciation	carrying value ending balance
gold samples	4,570	-	-	4,570
computer equipment	864	-	(370)	494
office equipment	1,375	-	(717)	658
field/geological equipment	-	-	-	-
motor vehicles	-	-	-	-
total	**6,809**	**-**	**(1,087)**	**5,722**

reconciliation of property, plant and equipment – December 2016

in united states dollars	carrying value balance	additions	depreciation	carrying value ending balance
gold samples	4,570	-	-	4,570
computer equipment	1,031	1,111	(1,278)	864
office equipment	2,676	-	(1,301)	1,375
field/geological equipment	-	-	-	-
motor vehicles	833	-	(833)	-
total	**9,110**	**1,111**	**(3,412)**	**6,809**

8. intangible assets - exploration

The Group's Intangible assets comprise wholly of exploration assets in respect of the Homase-Akrokeri project in Ghana.

in united states dollars	homase and akrokeri	Total
balance as at 31 December 2015	**5,706,602**	**5,706,602**
additions	637,524	637,524
balance as at 31 December 2016	**6,344,127**	**6,344,127**
Additions	456,700	456,700
balance as at 31 December 2017	**6,800,827**	**6,800,827**

Impairment of the above is considered in relation to the impairment indicators listed within IFRS 6. The key estimate in relation to the project is in respect of the mineral resources potential. Details of this potential can be found on www.goldstoneresources.com/exploration-main/homase-akrokerri-project-main.html.

9. taxation

(a) current tax

in united states dollars	December 2017	December 2016
Current tax:		
Current tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	**-**	**-**

(b) deferred tax

in united states dollars	December 2017	December 2016
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	**-**	**-**

The Company is subject to Jersey income tax at the rate of 0%. The Group is also registered for income tax purposes with the South African Revenue Service. Due to the loss making position of the Group in all jurisdictions there is no tax charge and no deferred tax asset has been recognised in the current or prior periods due to uncertainty of future profits. As a result no reconciliation has been prepared.

10. cash and cash equivalents

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

in united states dollars	2017	2016
Sterling	1,584,861	106,059
US Dollars	24,594	1,391
South African Rand	(11)	22,691
Ghana Cedis	16,613	5,431
total	**1,626,057**	**135,572**

11. capital and reserves

(a) share capital

	2017	2016
ordinary shares		
called up, allocated and fully paid		
249,707,991 ordinary shares of 1 pence each (2016: 102,286,363)	£2,497,080	£1,022,864
converted to united states dollars at date of issue	$3,480,430	$1,526,658
deferred shares		
called up, allocated and fully paid		
in issue at 1 January	£3,730,772	£3,730,772
in issue at 31 December – fully paid 414,530,304 (December 2016: 414,530,304) deferred 0.9 pence shares	£3,730,772	£3,730,772
converted to united states dollars at date of issue	$6,077,013	$6,077,013
Authorised		
1,000,000,000 (December 2016: 1,000,000,000) authorised ordinary 1 pence shares	£10,000,000	£10,000,000

11. capital and reserves (continued)

(a) share capital (continued)

During the year the Company issued the following ordinary 1 pence fully paid shares:

		Number of Shares	Nominal Value	Share premium
1 January 2017	**Opening balance**	**102,286,363**	**$1,526,658**	**$26,495,336**
8 June 2017	Conversion shares at 1.44p – 1.63p per share	44,195,272	£441,953	£22,441
	Converted to United States Dollars at date of issue	-	$571,710	$29,030
17 July 2017	Conversion shares at 1.45p per share	848,779	£8,488	£3,845
	Converted to United States Dollars at date of issue	-	$11,083	$5,021
8 August 2017	Conversion shares at 1.47p per share	836,559	£8,366	£3,967
	Converted to United States Dollars at date of issue	-	$10,849	$5,145
13 September 2017	Conversion shares at 1.53p per share	801,550	£8,016	£4,318
	Converted to United States Dollars at date of issue	-	$10,594	$5,706
27 September 2017	Placing shares at 1.5p per share	100,000,000	£1,000,000	£500,000
	Converted to United States Dollars at date of issue	-	$1,339,827	$669,914
9 October 2017	Conversion shares at 1.92p – 2.08p per share	739,468	£7,395	£6,938
	Converted to United States Dollars at date of issue	-	$9,710	$9,111
31 December 2017	**Closing balance**	**249,707,991**	**$3,480,431**	**$27,219,262**

(b) ordinary shares

Each holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

(c) deferred shares

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

(d) issue and consolidation of ordinary shares

During the year, the Company issued a total of 147,421,628 (2016: 40,000,000) new ordinary shares, all of which rank *pari passu* with the existing ordinary shares. The shares (which had a par value of 1.0p each) were issued at a price from 1.44p to 2.08p per share. The value received for the share issuance was US$2,677,698 (2016: US$1,295,764).

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

11. capital and reserves (continued)

(e) dividends
No dividends were proposed or declared during the period under review (2016: Nil).

(f) description and purpose of reserves
(i) share capital
Share capital consists of amounts subscribed for share capital at nominal value.

(ii) share premium
Share premium consists of amounts subscribed for share capital in excess of nominal value.

(iii) capital contribution reserve
Capital contribution reserve consists of deferred shares classified as equity.

(iv) share options reserve
Share options and warrants reserve consists of the fair value of options and warrants outstanding at the year end.

(v) accumulated deficit
Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

12. earnings per share
The calculation of basic and diluted earnings per share at 31 December 2017 was based on the losses attributable to ordinary shareholders of US$805,444 (2016: US$834,874), and an average number of ordinary shares in issue of 154,385,042 (2016: 79,832,253).

in united states dollars	**2017**	**2016**
loss attributable to shareholders	(805,444)	(834,874)
weighted average number of ordinary shares	154,385,042	79,832,253
basic and diluted earnings per share	**(0.005)**	**(0.011)**

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

in number of shares	**2017**	**2016**
share options	-	100,000
warrants	80,352,377	40,000,000

13. share based payment arrangements

At 31 December 2017, the Group has the following share-based payment arrangements.

(a) share option programmes (equity-settled)

The Group adopted an option scheme in order to incentivise key management and staff. Pursuant to the option scheme, a duly authorised committee of the board of the Company may, at its discretion, grant options to eligible employees, including directors, of the Company or any of its subsidiaries, to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the shares of the Company on the London Stock Exchange on the date of grant of the particular option or (ii) the nominal value of the shares.

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

The conditions related to the grants of the share option programmes are as follows:

The terms relating to the grants of the share option programmes are that on exercise date, the receiver of the options must still be employed by the Company, or in the case of the receiver being retrenched or retired, before three months thereafter, or in the case of the death of the receiver, before six months thereafter.

There were no such options granted during the year ended 31 December 2017.

(b) reconciliation of outstanding share options

the number and weighted average exercise prices

	number of options December 2017	weighted average exercise price December 2017	number of options December 2016	weighted average exercise price December 2016
outstanding as at 1 January	100,000	90.00p	420,000	109.29p
exercised during the year	-	-	-	-
expired during the year	(100,000)	-	(320,000)	-
granted during the year	-	-	-	-
outstanding at 31 December	**-**	**-**	**100,000**	**90.00p**
exercisable at 31 December	**-**	**-**	**100,000**	**90.00p**

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

(b) reconciliation of outstanding share options **(continued)**

There are no options outstanding at 31 December 2017 (2016: 90.00p).

(c) warrants

On 10 August 2017, the Group granted 40,352,377 warrants with an exercise price of 2.0p vesting from 11 August 2017 up to 10 August 2019. No warrants have been exercised during the period under review.

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

The fair value of the rights granted through the share option programme was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected return.

(i) reconciliation of outstanding warrants

the number and weighted average exercise prices

	number of warrants December 2017	**weighted average exercise price December 2017**	**number of warrants December 2016**	**weighted average exercise price December 2016**
outstanding as at 1 January	40,000,000	5.0p	20,833,333	7.0p
exercised during the year	-	-	-	-
expired during the year	-	-	(20,833,333)	-
granted during the year	40,352,377	2.0p	40,000,000	-
outstanding at 31 December	**80,352,377**	**3.5p**	**40,000,000**	**5.0p**
exercisable at 31 December	**80,352,377**	**3.5p**	**40,000,000**	**5.0p**

The warrants outstanding at 31 December 2017 have an exercise price between 2.0p and 5.0p (2016: 5.0p) and a weighted average life of 1.05 years (2016: 1.10 years).

13. share based payment arrangements (continued)

(d) measurement of fair value

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

	Warrants 10 August 2017	warrants 11 August 2016
share price at grant	1.53p	2.05p
warrant exercise price	2.00p	5.00p
expected life of warrants from exercise date	2 years	2 years
expected volatility	26.2%	46.40%
expected dividend yield	0.00%	0.00%
risk free rate	0.71%	0.09%
fair value per warrant	0.09p	0.08p
exchange rate used	1.3528	1.2356

Volatility has been based on the Group's trading performance to 31 December 2017. The risk free rate has been determined based on 2 year UK government bonds.

Total fair value as considered in the share options and warrants reserve was US$90,650 (2016: US$49,447).

(e) expense recognised in profit and loss

The expense recognised in respect of share-based payment transactions during the year was US$50,312 (2016: US$40,338).

14. trade and other payables

in united states dollars	**2017**	**2016**
trade payables	59,725	33,212

15. financial instruments

(a) financial risk management

The Group's principal financial instruments comprise of cash, receivables and payables. Financial risk management of the Group is governed by policies and guidelines described in the Group's Financial Reporting Memorandum approved by the board. Group policies and guidelines cover interest rate risk, foreign currency risk, credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and financial position.

(b) credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The Group's trade and other receivables consists of amounts refundable to the Company for expenses incurred on behalf of a third party and payments in advance to suppliers. The Group's exposure to significant concentration on credit risk on trade and other receivables is considered low.

15. financial instruments (continued)

(c) liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due. Ultimate responsibility for liquidity risk management rests with the board, which has established an appropriate liquidity risk management framework for the management of the Group's liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and by preserving cash resources through minimising the cash burn out rate achieved through cost reduction. The financial liabilities of the Group are mainly creditors which are payable on demand, hence it is the opinion of the board that an analysis of liabilities by maturity dates is not appropriate.

(d) market risk

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

(i) foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has cash assets denominated in Sterling, United States Dollars, South African Rand, Ghana Cedis and West African CFA Francs and incurs liabilities for its working capital expenditure in one of these denominations. Payments are made in Sterling (GBP), United States Dollars (US$), South African Rand (ZAR), Ghana Cedis (GHS), West African CFA Francs (XAF), or Euro at the pre-agreed price and converted (if necessary) as soon as payment needs to occur. Currency conversions and provisions for expenditure are only made as soon as debts are due and payable. The Group is therefore exposed to currency risk in so far as its liabilities are incurred in South African Rand, Ghanaian Cedi and West African CFA Francs and fluctuations occur due to changes in the ZAR/GBP, ZAR/US$, GHS/US$ and XAF/US$ exchange rates. The Group's policy is not to enter into any currency hedging transactions.

The directors consider currency risk to be manifested in the expenditure made on a day to day basis in Sterling, South African Rand and US Dollars. The directors have undertaken a policy of holding cash raised in Sterling and US Dollars and to convert funds to South African Rand as and when required.

The exchange rates converted to United States Dollars affecting the Group were as follows:

	average rate 2017	reporting date spot rate 2017	average rate 2016	reporting date spot rate 2016
Sterling for 1 US$	1.288	1.350	1.355	1.233
South African Rand for 1 US$	0.075	0.081	0.068	0.073
Ghana Cedis for 1 US$	0.227	0.220	0.253	0.232

15. financial instruments (continued)

(d) market risk (continued)

(i) foreign currency risk (continued)

A strengthening (weakening) of GBP, ZAR, GHS or XAF against all other currencies at 31 December 2017 would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and liabilities and adjusts this translation at year end for a percentage change in foreign currency rate thus indicating the potential movement in equity. The analysis is performed on the same basis for December 2015, albeit that the reasonably possible foreign exchange rate might have been different, as indicated below.

in united states dollars	equity strengthening 2017	equity weakening 2017	equity strengthening 2016	equity weakening 2016
Sterling 13% (2016: 13%)	7,748	(7,748)	2,526	(2,526)
South African Rand 20% (2016: 20%)	24	(24)	1,628	(1,628)
Ghana Cedis 10% (2016: 10%)	-	-	-	-
West African CFA Francs 10% (2016: 10%)	-	-	-	-
Total	**7,772**	**(7,772)**	**4,154**	**(4,154)**

The percentage change in foreign currency rate used to adjust the translation of outstanding foreign currency denominated financial assets and liabilities is in the opinion of the directors appropriate.

(ii) interest rate risk

The risks caused by changes in interest rates are minimal since the Group's only interest bearing financial asset pertains to cash. The Group is therefore not subject to a significant amount of risk due to fluctuations in the prevailing levels of market interest rates and as such has not prepared a sensitivity analysis.

16. contingencies

Since October 2016, the Company has been defending an action brought by a former director. The Board believes there is no merit in the case and the case will be heard in the South African Labour Court.

Legal advice has been sought and at the current time no estimate is available as to the likelihood or potential value of damages to the Company in respect of this claim.

On the basis of these uncertainties, no provision in relation to this claim has been recognised in the consolidated financial statements.

17. related parties

The key management personnel are considered to be only the directors. Details of their remuneration are disclosed below.

salaries and other short-term benefits – detail:

in united states dollars	2017	2016
directors' remuneration: executive – E Priestley	96,628	63,878
directors' remuneration (shares); executive – E Priestley	32,208	-
directors' remuneration: non-executive – N Gardyne	25,598	19,240
directors' remuneration: non-executive – R Lloyd	23,194	8,558
directors' remuneration (shares); non-executive - R Lloyd	7,730	-
directors' remuneration: executive – J Wessels	-	94,787
directors' remuneration: non-executive – C Hall	-	10,987
directors' remuneration: non-executive – A Bell	-	7,175
directors' remuneration: non-executive – R Wilkins	3,653	-
Directors' remuneration: non-executive – W Trew	5,935	-
Directors' remuneration: non-executive – A list	1,517	-
total	**196,463**	**204,625**

The total amount payable to the highest paid director in respect of emoluments was $128,836 (2016: $94,787). No directors exercised any share options during the year.

E Priestley's remuneration was paid to Santon Consultancy Limited, a company in which she is a director. R Wilkins's remuneration was paid to KSJ Investments Limited, a company in which he is a director.

18. group entities

Details of the Group's subsidiaries at the end of the reporting period are as follows:

	country of incorporation and operation	principal activity	ownership interest 2017	ownership interest 2016
Goldstone Akrokeri (Ghana) Limited	Ghana	Holder of the Akrokeri License	100%	100%
Goldstone Resources Limited Gabon S.A.R.L.	Gabon	Holder of the Oyem and Ngoutou Licenses	100%	100%

Under Article 105(ii) of the Companies (Jersey) Law 1991, the directors of the holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the directors' opinion, the Company meets the definition of a holding company. As permitted by the law, the directors have elected not to prepare separate accounts.

19. ultimate controlling party

The directors believe that there is no ultimate controlling party of the Group.

20. operating leases

Payments recognised as an expense *In united states dollars*	**2017**	**2016**
Minimum lease payments	-	3,013

The Group does not have any commitments under operating leases as the year end.

21. subsequent events

GoldStone has continued with assessing the former Akrokeri Mine and accessing the old workings. This has included a review and re-logging of historic diamond core ("DD") holes drilled under or adjacent to the former mine. As announced on 7 June 2018, the review confirmed mineralised intercepts of up to 1.0 metre at 51.01 g/t Au. Two further DD holes identified from 2012 programme, indicated gold bearing quartz intersections in the footwall of the mine and the Company is currently assaying four historic DD holes drilled by Pan African Resources Plc which were not assayed at the time. These results that have not been previously disclosed to the market, have assured the Company that the Akrokeri Mine, together with the Homase Pit, provide two highly prospective targets within GoldStone's licences

The Company also undertook a soil geochemistry programme to identify the wider resource potential of AKHM. This was carried out in combination with a review of the historical geochem and trenching programmes and has highlighted the Homase Trend, an >8 km gold-in-soil anomaly which runs from the historic Akrokeri Mine to north of the Homase Pit. The Company has commenced a scoping study to better define the oxide resource potential of the Homase Trend to the north and south of the Homase Pit.

The 2018 soil programme also defined a gold in soil anomaly for 2.4 km south of the Akrokeri Mine and delineated parallel mineralised gold structures which may provide further mineral resource upside potential following evaluation work.