GoldStone Resources Limited

Annual Report and Consolidated Financial Statements

for the year ended

31 December 2019

contents

general information

director details:
E Priestley
W Trew (chairman)
R Lloyd (resigned 2 August 2019)
A List
R Wilkins
O Fenn (appointed 2 September 2019)

company secretary:
Financial Consultants (Jersey) Limited
2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ

registered office:
2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ

company number:
71490

auditor:
DSG Accountancy and Business Services Limited
Trading name: DSG Chartered Accountants
Castle Chambers, 43 Castle Street, Liverpool, L2 9TL

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

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

crest source adviser and UK transfer agent:
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Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES

chairman's report

GoldStone Resources Limited's (''GoldStone'' or the ''Company'') overarching strategy is to become a low-cost gold producer, leveraging the considerable skills of our operational team and partners, to deliver returns to investors.

I am confident that we have the right ingredients to successfully execute this strategy and we are now making substantial progress towards achieving this objective with our Akrokeri-Homase Gold Project ("AKHM") in Ghana.

Importantly, I and the Board believe we are operating in the right part of the world. AKHM lies in the Ashanti Gold Belt in Ghana – a highly mineralised and well-recognised mining district, which boasts one of the world's major gold mines, Obuasi, with a total historical and current resource in excess of 70 million oz gold. Our experience of operating in Ghana has also been extremely positive and we have received significant support from both local communities and Chiefs, and from governmental authorities. The spirit of cooperation between mining companies and the Government of Ghana is clearly evident and engenders the importance of a successful metals and mining industry for all stakeholders.

Looking specifically at AKHM, we believe it meets all of the relevant criteria required to host a profitable mining operation. Located along strike from the aforementioned Obuasi Gold Mine, AKHM is in an area of known mineralisation and has a proven JORC Code compliant gold resource of 602,000oz at an average grade of 1.77 g/t. There is significant development potential with the existing resource covering just a 4km zone of the Homase Trend, including Homase North, Homase Pit and Homase South; and historical production from two former mines, the underground mine at Akrokeri, which produced 75,000 oz gold @ 24 g/t recovered grade in the early 1900s, and the Homase Pit which produced 52,000 oz gold @ 2.5 g/t recovered grade in 2002/03 by AngloGold Ashanti.

The significant potential economic returns of AKHM were underpinned by the Definitive Economic Plan (''DEP'') which was approved by the Ghanaian Ministry of Lands and Natural Resources (''MLNR'') with the award of the mining lease for the Homase South Pit at AKHM, as announced on 14 February 2020. The full findings of the DEP are outlined in the Chief Executive Officer's Report, though in summary, it sets out compelling economics for the proposed development of AKHM, with an after-tax Net Present Value of US$19.5 million (at a 10% discount rate), an after-tax IRR of 143% and an after-tax payback of the initial capital cost within 1 year. Importantly, these economics were calculated using a gold price of US$1,300 per ounce – at the time of writing, the gold price has since risen some 34% to approximately US$1,750, highlighting the considerable upside to these already extremely attractive financials. Clearly the positive pricing environment that we are currently experiencing in the gold sector will provide further potential upside for the Company, however, it is essential to remember that AKHM is projected to be a low-cost producer and therefore has the potential for success in a range of gold price scenarios.

Whilst the DEP set out initial capital costs of approximately US$6.5 million to bring the Homase South Pit into production, being the first of the three pits, from pre-stripping through to the Gold room, we have continued to evaluate the optimum strategy for the development of AKHM. This has resulted in the decision to postpone the construction of the elution plant, electrowinning and Gold Room, thereby reducing the initial capital outlay to approximately US$3.8 million, minimising the funding required and shortening the time to achieve production. Accordingly, it is initially intended that the loaded carbon from the heap leach, will now either be toll treated by a third party or sold on the international markets.

The approval of the DEP was a major component towards being awarded the mining lease on the Akrokeri and Homase licences for the Homase South Pit (the "Mining Lease"), which received ministerial approval in November 2019 and was announced in February 2020. The Mining Lease, which was issued by the MLNR, is a 10 year mining lease that, whilst approving the DEP in its entirely, initially only covers the Homase South Pit and land for the plant and process operation. As the Company moves forward to develop the Homase Central Pit and the Homase North Pit, the Mining Lease will be extended to include these additional pits along the Homase Trend. The Company is now working closely with the Ghanaian Minerals Commission and the Environmental Protection Authority to finalise the environmental permit.

Another major development in us being able to achieve production, was securing financing for the development of the Homase South Pit, which was achieved post the year end. GoldStone was delighted to announce in March 2020 that it had raised US$4.3 million (gross) to finance the advancement into production. US$1.3 million of the funding was by way of the issue of 14% unsecured bond notes to certain new and existing investors (including major strategic investors Paracale Gold Limited and BCM Investments Limited) and US$3.0 million was by way of a 14% secured gold loan of up to 2,000 troy ounces (the "Gold Loan") from Asian Investment Management Services Ltd ("AIMS"). I am pleased to note that the Gold Loan has recently been finalised and we have now drawn down and received, in aggregate, US$1.05 million under this facility. As a result of the Gold Loan now being in place, once the final environmental permit and operational permits have been issued, we will be in a position to immediately commence mining operations at the Homase South Pit, utilising contract mining, and construct the heap leach plant, with the target of achieving our first gold pour in Q4 2020.

I am delighted with the progress we have made since the beginning of 2019, however, I am of course cognisant of the frustrations and concerns of many shareholders, particularly surrounding GoldStone's temporary suspension from trading on AIM following an administrative error in 2019 that led to the Company's Jersey registration being dissolved. The Company was restored to the Jersey Registrar of Companies on 11 June 2020, with the dissolution of the Company having been voided, by the Royal Court of Jersey, which has the effect of the dissolution effectively never having taken place. This enabled the resumption of trading in the Company's shares on AIM.

The Board has maintained the focus on fulfilling the Company's objective of becoming a gold producer in 2020. It is with considerable optimism therefore, that I look forward to the remainder of 2020 and what I believe these coming months will deliver, and in particular to bringing the Homase South Pit into production as we target first gold in Q4 2020. In addition to the development of the Homase South Pit, the Company continues to assess the extent of the exploration work required along the Homase Trend and at the historic Akrokeri Mine.

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continued support. We will continue to update investors as to our progress towards achieving our objectives at AKHM, as we look to become a new West African focussed gold producer in the coming months.

William (Bill) Trew
Non Executive Chairman
29 June 2020

chief executive officer's report

operational update

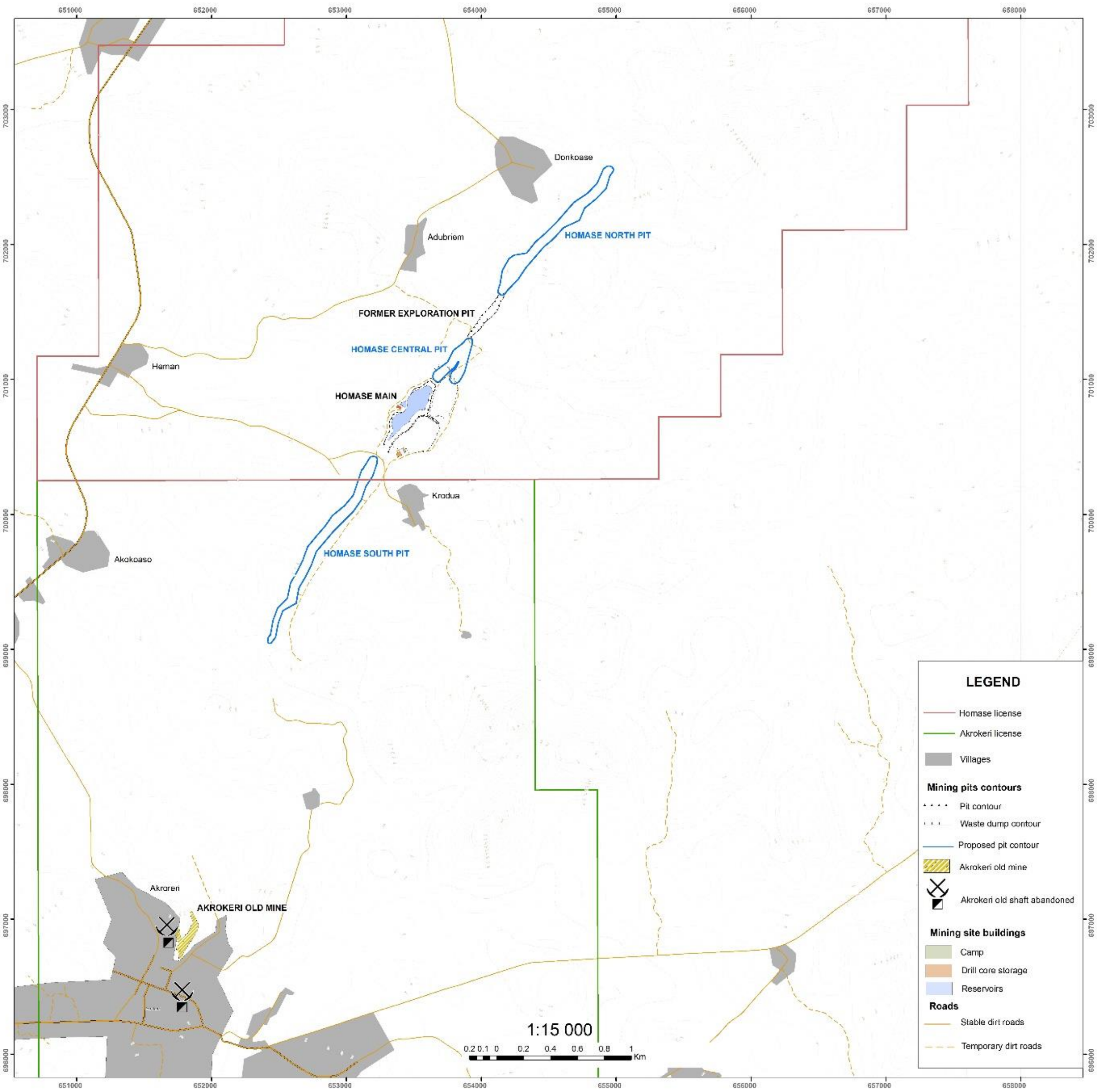
2019 was a year of significant operational delivery for GoldStone Resources Limited (''GoldStone'' or the ''Company''), during which the Company confirmed and broadened its understanding of the Akrokeri and Homase Gold Project ("AKHM") in Ghana and identified both the parameters and route to production for the asset.

Perhaps the most notable development for investors during this period was the publication of the Definitive Economic Plan ("DEP") for AKHM which endorsed the Board and management's assertion that AKHM could host a low-cost, high margin gold mine in the near term.

The DEP highlighted the following key aspects of the project:

- Proposals for a shallow, free dig mining of the oxide/weathered ore zones at three satellite open pits, showing in Figure 1 below, lying along the known Homase Trend either side of the previously mined Homase Pit the (the "Proposed Mine")
- Establishing a cyanide heap leach processing facility and recommendation to use a contract mining method
- Total initial capital costs (including pre-stripping and contingency) estimated to be US$6.5 million
- Overall project economics:
    - An after-tax Net Present Value of US$19.5 million (at a 10% discount rate)
    - After-tax IRR of 143% at a gold price of US$1,300 per ounce (oz)
    - After-tax payback of the initial capital cost within 1 year
- Estimates that the mineable resource from the Proposed Mine is approximately 82,000 oz of contained gold in the oxide ore with a projected 82% recovery from 2.17 million tonnes of oxide ore at an average grade of 1.2 g/t gold (the "Mineable Resource")
    - Mineable Resource is part of the AKHM JORC Resource of 602,000 oz
    - Recovery based on column leach testing at University of Mines and Technology Tarkwa
    - The Company is proposing to use the tailings from the former Akrokeri Underground Mine ("Akrokeri Tailings") as the base/cushion layer for the heap leach pads, which the Company estimates to include approximately 91,000 tonnes at an average grade of 2.27 g/t gold, equating to approximately 6,500 oz of contained gold with a recovery of 73%. Recovery rate based on bottle roll test-work completed by ALS Laboratories Kumasi
- Estimates that the total plant feed from the Proposed Mine and the Akrokeri Tailings will be approximately 2.26 million tonnes with an average grade of 1.2 g/t gold giving total ounces to the plant of approximately 88,500 oz
- Estimates that the heap leach facility will recover, in total, approximately 72,000 oz of gold, giving an overall Life of Mine ("LOM") recovery of approximately 81%
- Proposed LOM projected to be five years, with an average all-in cost, that includes capital plus cash costs, of US$852/oz
- LOM capital cost, including sustaining capital costs, estimated to be US$8.4 million

Figure 1: Location of the Proposed Mine, being the three satellite pits



The highly positive findings of the DEP enabled the Board to confidently move forward with arranging the permits and financing and, during the period and post, GoldStone made significant progress on both fronts.

As announced in February 2020, a 10 year mining lease (the "Mining Lease") on the Akrokeri and Homase Licences for the Homase South Pit, being the first of the three pits to be brought into production as outlined in the DEP, and land for the plant and process operation, in accordance with the Minerals and Mining Act, 2006 (Act 703) (the "Act"), was granted by the Government of Ghana through Ministerial decree, following ministerial approval in November 2019. Whilst the Mining Lease initially only relates to the Homase South Pit, it has approved the DEP in its entirety and the Mining Lease can therefore, in accordance with the Act, be renewed and/or extended to include additional pits along the Homase Trend as the Company's production plans advance.

In addition to the Mining Lease, post the period end, the Company also secured funding of US$4.3 million (gross) for the development of the Homase South Pit, as detailed in the chairman's statement and below.

Following receipt of the Mining Lease and funding, and subject to receipt of the environmental and operational permits, which the Board expects to be awarded in the next few weeks, we are now able to move forward towards commencing production, through the ongoing development of the Homase South Pit and construction of the associated heap leach facility. The Board currently anticipates that, subject to receipt of the requisite environmental and operational permits in the next few weeks, the first gold pour will be achieved in Q4 2020.

Following finalisation of the funding, as detailed below, the Company is now able to place a number of significant orders for plant and equipment, which will enable the Company to further optimise the Homase South development plan against the economics of the DEP, and I look forward to updating shareholders in this regard.

The Mining Lease consists of two licences the Akrokeri prospecting licence and the Homase prospecting licence. During the year, the Ghanaian Minerals Commission confirmed that the Akrokeri prospecting licence, PL6/87, is valid until 23 May 2021 and that the Homase prospecting licence, RL6/96, is valid until 4 June 2022.

The Akrokeri prospecting licence is held 100% by GoldStone Akrokeri Limited ("GAL"), GoldStone's wholly owned Ghanaian subsidiary. Cherry Hill Mining Limited (''Cherry Hill'') is currently the registered holder of the Homase prospecting licence. However, following agreement being reach with Cherry Hill, following the granting of the Mining Lease and in accordance with the joint venture agreement, Cherry Hill has, as announced on 16 March 2020, agreed to relinquished its remaining 10% interest in the Homase prospecting licence in exchange for a 2% royalty of gold sales generated, less all costs and taxes and duties in respect of the licence. As a result, the Homase prospecting licence is in the process of being transferred to GAL and GoldStone is awaiting the formal notification from the Ghanaian Ministry of Mines in this regard.

As a result, GoldStone now holds a 100% interest in both the Akrokeri and Homase prospecting licences, pursuant to which GoldStone will provide the government of Ghana with a 10% free carried interest and a 5% gross gold royalty as required by the fiscal regime in Ghana.

With any new mining venture, there will always be direct and indirect employment associated with the construction period of this project, which includes service providers. When the mine is in production, most of the mine personnel will be employed from within Ghana. We look forward to becoming a significant new employer in the area and continue discussions with the relevant Chiefs and appropriate authorities, in order to source and train a workforce from within the local communities.

Aside from our activities on the Homase Trend, being the initial area of intended mining, work continues to re-open the historic Akrokeri Mine, and our activities are focused on re-accessing the old workings at the mine. Development of the drift continues, at approximately 30 metres below surface to the north east of Norton Shaft, to intersect the mineralised zone, which is estimated to be approximately 20 metres from Norton Shaft. When the workings are safely accessed, GoldStone expects to gather valuable geological information and to carry out exploration drilling, with the ultimate aim of seeking to bring the Akrokeri Mine back into production.

It is currently the Board's intention that further exploration is funded from future production cashflows from the AKHM Project. In the event that this is not feasible, or the Company wishes to accelerate the exploration programmes, then the Company many need to raise further funding.

senegal update

GoldStone reviewed the Sangola Licence in 2019, however, the Board has decided, after careful consideration, that the project did not meet the criteria for assets that can be advanced towards production. This licence has therefore been rescinded.

corporate and financial

Losses for the 12 months to 31 December 2019 were US$655k (2018: Loss of US$1,014k). The financial statements at year end show the Group's balance sheet, with net assets standing at US$6,892k against net assets of US$7,591k at the end of the previous year. This consists predominately of exploration costs for AKHM of US$8,256k (2018: US$7,769k).

Cash and cash equivalents as at 31 December 2019 were US$90k (2018: US$337k) and subsequent to this, in March 2020, the Company announced a US$4.3 million fundraise to finance the commencement of production at AKHM's Homase South Pit. The overview of the fundraising was as follows:

- Issue of 26, 14% unsecured bond notes of US$50,000 each (the "Bonds") to certain existing and new investors, to raise, in aggregate, US$1.3 million before expenses
  - Paracale Gold Limited ("Paracale") and BCM Investments Limited ("BCM"), the Company's major shareholders, each subscribed for Bonds with a value of US$0.3 million
  - 52 million warrants, exercisable at 3 pence per ordinary share of 1 penny each in the Company (the "Exercise Price"), to be issued to the Bond subscribers
  - At the date of this report all the Bonds have been issued and funds received
- Agreed a 14% secured gold loan of up to 2,000 troy ounces of gold at a price of US$1,500 per troy ounce, equating to a value of US$3.0 million before expenses from Asian Investment Management Services Ltd ("AIMS") (the "Gold Loan"), which was finalised in June 2020
  - An advance of 200 troy ounces (US$0.3 million) was drawn and received in March 2020
  - The Gold Loan was finalised in June 2020, with a further 1,800 troy ounces (US$2.7 million) available to be drawn, of which 500 troy ounces (US$0.75 million) has been drawn and received in June 2020
  - 120 million warrants, exercisable at the Exercise Price have been issued to AIMS

former director's claim

Following a claim against the Company, brought by a former director (initially announced on 13 October 2016), it was further announced in December 2018 that the South African Labour Court had ruled in favour of the former director and awarded him damages of US$140k plus interest and legal costs. The Company reserves its position, though has made provision for this in the financial statements and in October 2019 agreed temporary payment terms with further settlement discussions ongoing following advice from the Company's lawyer.

board changes

During the year under review, GoldStone welcomed Dr Orrie Fenn to the Board. Dr Fenn has considerable experience in the mining, building materials and construction sectors and was, until recently, CEO of the underground mining business platform of one of the world's leading underground mining contractors, Murray and Roberts. Prior to that, Dr Fenn was the Group Chief Operating Officer of JSE-listed PPC Limited. He has also previously held the role as Business Development Manager at Debex, a subsidiary of De Beers Industrial Diamond Division, which designed and manufactured specialised equipment and materials for the diamond, coal and gold mining industries. It is expected that Orrie's extensive experience will be highly valuable as GoldStone advances towards production at AKHM.

Also during the period, Mr Richard Lloyd stepped down from the Board in order to pursue his other business interests. The Board wishes to thank Richard for his contributions and support to the Company during his tenure.

working capital management and funding

Following the successful fundraising post the period end as detailed above, the Company now has sufficient funds to move towards its goal of achieving production, subject to receipt of the outstanding permits. The Company prepares regular management accounts and financial forecasts to monitor and manage working capital and funding requirements going forward. The accounts and forecasts are regularly reviewed and challenged by the Board.

In order to assist with working capital management, the Directors agreed not to draw all their fees in accordance with their service contracts and as such these fees have been accrued in the financial statements. The Board is in discussions on how these fees will be settled in due course. See note 19 to the financial statement for further details.

risk management

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

a. going concern

As at 31 December 2019, the Group had cash of US$90k. As noted above, the Company successfully raised US$4.3 million, gross, post the period end to fund the commencement of initial production at Homase South. The Board is confident that it will commence gold production in Q4 2020 supported by the funding supplied by the Gold Loan and the Bonds, subject to the necessary permits being issued. Should there be a material delay in the issue of the permits over and above the Boards current expectations, the Company may need to secure further funding to meet its contractual obligations as they fall due.

The Board has reassessed the DEP and determined that the elution plant, electrowinning and Gold Room are not essential capital costs at this stage. This reduces the initial capital outlay to approximately US$3.8 million, allowing the Group to move immediately into the production phase on receipt of the requisite permits, which are expected shortly. The Board confirm that, based on, *inter alia*, its cashflow forecasts, they are satisfied that the Group has adequate resources to move into production and continue in business for the foreseeable future, having regard to the factors set out in more detail in Note 2b to the financial statements.

The Group continues to evaluate the exploration required along the Homase Trend and at the historic Akrokeri Mine. It is currently the Board's intention that such exploration is funded from future production cashflow from the AKHM project. In the event that this is not feasible, or the Group wishes to accelerate these exploration programmes, then the Company many need to raise further funding. Although the Board is confident that it will be able to raise further funding if and when required, there is always a risk that this may not be possible.

b. **development** and mining

Development and mining for natural resources is speculative and involves significant risk. The Group is still awaiting its environmental and operational permits, without these the production phase of the AKHM project cannot commence and hence there is a risk that this might delay the project.

Once production commences, planned production may not be achieved as a result of unforeseen operational problems, machinery malfunctions or other disruptions. Operating costs and profits for commercial production therefore remain subject to variation, such as gold prices or not achieving the expected recovery rates.

The Board are evaluating each stage of the development and mining of the Company's project, site by site, in order to mitigate as far as possible these risks inherent in production. Use of modern technology and electronic tools assist in reducing risk in this area. Good employee relations are 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.

c. **country** and political

GoldStone's projects are in Ghana. 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 Ghana. The Ghanaian Government continues to be supportive towards the mining sector, including the improved policing of small-scale mining operations, thus ensuring controlled management of neighbouring areas.

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 areas of interest. GoldStone maintains internal processes to ensure that it is wholly compliant with all relevant regulations in order to maintain its licences. These country risks are further addressed in notes 2(d)(i) and 3(k) to the financial statements.

d. **social**, safety and environmental

GoldStone's success depends upon its social, safety and environmental performance as failures may 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 towards production, the Company is strengthening its relationships with the communities living within the concession areas and close to the projects. The immediate focus for each of the villages within our Licences, has been sanitation and drinking water, and improving the school facilities, maintaining the buildings and providing school uniforms. The Company continues to build on the community relationships to assist the smallholder farmers and ensuring we have a "community first" approach when recruiting. These schemes benefit both the communities and the investors in which the Company will be operating.

e. **coronavirus** impact

The Coronavirus pandemic has had a significant and immediate impact on the operations and funding of many businesses both in Ghana and globally. However, mining was named an essential service by the President of Ghana, so GoldStone employees are moving the Akrokeri Homase Projects forward without delay. To protect the health and safety of its employees and the local community, the Company, in concert with community leaders, has developed an innovative plan that minimises employee-to-employee contact and virtually eliminates contact with the community at large, while allowing the Company to proceed with the development programme. The Company has closely examined the supply chain and is confident that all necessary equipment and supplies will be readily available for the development programme.

Emma Priestley
Chief Executive Officer
29 June 2020

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 31 December 2019.

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 2019, the Company has an issued share capital of 250,050,253 ordinary shares of 1 pence each (December 2018: 249,707,991 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 at the Group's Akrokeri-Homase Gold Project ("AKHM") in Ghana. The directors are currently active in seeking to commence production at and to continue to explore the prospects at AKHM. A review of the Group's performance and indications of likely future development is included in the Chief Executive Officer'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 includes consideration of future plans, expenditure commitments in place, cost reduction measures that can be implemented and permitting requirements.

Accordingly, the directors believe that the Group has sufficient funds to progress the development of AKHM and to move into initial production. The Group also continues to evaluate the exploration required along the Homase Trend and at the historic Akrokeri Mine. It is currently the Board's intention that such exploration is funded from future production cashflow from the AKHM project. In the event that this is not feasible, or the Group wishes to accelerate these exploration programmes, then the Company many need to raise further funding. The directors believe that such funds are likely to come from further equity issues, specifically in relation to the exercise of warrants held by existing shareholders.

The sensitivities around the timing of permits being awarded and the availability of future funding have been incorporated into the financial forecasts produced by the Board in assessing going concern. However, the directors are confident that the necessary permits will be attained shortly and funding will be available, if and when required. 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 25. The directors do not recommend a dividend for the year ended 31 December 2019 (year ended 31 December 2018: US$ nil).

events after the reporting period

See note 22 and the chairman's and chief executive officer's reports on pages 3-11.

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 as at 31 December 2019 and 29 June 2020**	**Percentage shareholding**
Emma Priestley	2,711,546	1.1%
Richard Lloyd*	1,473,038	0.6%
Bill Trew**	4,000,000	1.6%
Angela List***	-	-
Total	**8,184,584**	**3.3%**

** Mr Lloyd was a director up until his resignation on 2 August 2019 and the above represents his total shareholding at that date.*

*** Mr Trew is a director and shareholder of Paracale Gold Limited, which currently holds 70,352,377 ordinary shares in GoldStone representing 28.14% of its currently issued share capital. Together with his interest held directly Bill Trew and Paracale Gold Limited have an interest, in aggregate, 74,352,377 ordinary shares, representing 29.74% of the Company's currently issued share capital.*

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

No director held any share options at the year-end (2018: Nil).

major shareholdings

As at 29 June 2020, the Company had been notified of the following interests in the Company's ordinary share capital:

Name	**Number of shares**	**% shareholding**
Paracale Gold Limited	70,352,377	28.1%
BCM Investments Limited	50,000,000	20.0%
RAB Capital Limited	11,400,000	4.6%
Mr Michael Joseph	10,252,256	4.1%
Somercourt Investments Limited	8,000,000	3.2%

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 adopted the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code").

The Board is assisted by an Audit and Compliance Committee and a Remuneration Committee. The Audit and Compliance Committee comprises Richard Wilkins, as Chair, and Orrie Fenn. The Remuneration Committee comprises Richard Wilkins, as Chair, Bill Trew, Orrie Fenn and Emma Priestley.

During the year, the Audit and Compliance Committee received and reviewed reports from the executive director and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. It should be noted that GoldStone's temporary suspension from trading on AIM followed an administrative error in 2019 that led to the Company's Jersey registration being dissolved. The Company was restored to the Jersey Registrar of Companies on 11 June 2020, by the Royal Court of Jersey, with the dissolution of the Company having been voided, which has the effect of the dissolution effectively never taken place. This enabled the resumption of trading in the Company's shares on AIM. Clearly this was highly irregular, however the Board has been rigorous in its implementation of necessary protocols to ensure the same or similar issues do not happen again.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditor's formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors.

The Audit and Compliance Committee met twice during the year, to review the annual accounts and the interim accounts. The Committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting policies.

Since the year end, the Audit and Compliance Committee has met further with the auditor to consider the 2019 financial statements. In particular, the Committee discussed areas of judgement and the significant audit risks. The Audit and Compliance Committee also monitors the auditor firm's independence from the Company's management and has now been tasked with monitoring the Company's compliance pertaining to its Jersey registration and filing obligations.

The Remuneration Committee met independently of the executive director once in the year.

The directors' report in respect of corporate governance compliance and issues arising, is set out in the separate Corporate Governance Report on pages 16-18.

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 for monitoring financial risk and setting the policies that are implemented by the Group's finance function. 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 instruments to manage these.

Details on the Group's exposure to foreign exchange risk, credit risk, liquidity risk and interest rate risk are shown in note 18 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

DSG Chartered Accountants has expressed their willingness to continue in office.

Approved by the Board of Directors
and signed on behalf of the Board
Emma Priestley
Director
29 June 2020

corporate governance report

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers medium and long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

It should be noted that four of the directors are shareholders (direct and indirectly) in the Company, and therefore, their own medium to long-term interests are directly linked to the medium and long-term value of the Company, and as such the interests of the directors are directly aligned with those of the shareholders.

The Quoted Company Alliance (''QCA'') Code sets out 10 corporate governance principles that should be applied by companies wishing to follow the QCA Code. These are listed below, with a short explanation of how the Company applies each of the principles together with an explanation of any divergence from these principles should there be any. Save as set out below, there are no exceptions to report for the current or previous financial years.

principle 1 – business model and strategy

The Company is focussed on operations in Ghana and, in particular, the Ashanti Gold Belt, which is recognised as a pro-mining, geopolitically stable jurisdiction. The directors intend to develop the flagship Akrokeri-Homase Gold Project ("AKHM" or the "Project") in stages, thereby enabling sound management of the development of the mine in a manner that is professional and efficient. In addition, the Company reviewed the Senegal project in 2019 and concluded that it did not meet the criteria of being a near term development project, the licence has therefore been rescinded. The Company is assisted in its work by internationally recognised mineral consultants where appropriate.

principle 2 – understanding shareholder needs and expectations

As noted above, four of the directors are also shareholders and therefore their interests are aligned with the Company's wider shareholder base. The Company strives to maintain a close relationship with its shareholders. The Company regularly updates its website, participates in podcasts and investor presentations, attends mining conferences and releases news flow and operational updates. Shareholders are also encouraged to attend the Annual General Meeting.

principle 3 – consider wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon efforts of the employees of the Group and its contractors, advisers, suppliers, regulators and other stakeholders, including the local communities where the projects are located. The Board of the Company and the senior management of its operating subsidiaries make every effort to ensure that all stakeholders are communicated with effectively, that contractual terms are compiled with, and that employees, in particular, are afforded a safe and enjoyable working environment and are remunerated appropriately. At the AKHM site, in Ghana, the Company engages with the local communities on a regular basis, via meetings with the local dignitaries and other officials, including project site visits and, at the State level, ongoing communication is maintained with the relevant regulatory authorities.

principle 4 – risk management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Board is assisted in achieving this by the Company's Audit and Compliance Committee. After consultation with the Company's external auditors, an internal audit function is not considered necessary or practical due to the size of the Company. Close day-to-day control is exercised by the executive director and these are shared with the Board. This position will be reviewed on an annual basis by the Board in consultation with the Audit and Compliance Committee and the external auditors. The Group also takes out relevant insurance as appropriate.

principle 5 – a well-functioning board of directors

The Board consists of one executive director and four non-executive directors, two of which are independent non-executive directors. The directors comprise a combination of corporate, financial and technical experience.

The Company also employs a Chief Operating Officer (''COO'') who is also the chief operating officer of the Company's principal subsidiary in Ghana. The COO is entitled to attend Board meetings. The Board meets quarterly by telephone conference call and in person once a year, where possible. The Company considers that, at this stage of its development, and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. This position will also be reviewed annually by the Board.

Richard Wilkins and Orrie Fenn are considered to be independent non-executive directors and Richard Wilkins chairs both the Audit and Compliance Committee and the Remuneration Committee. Bill Trew represents the Company's strategic and main shareholder, Paracale, and is therefore not considered to be an independent director. Angela List, a non-executive Director of the Company, represents the second strategic shareholder BCM Investments Limited (BCM), and is accordingly also deemed not to be independent. The Board will review further appointments as the Group's scale and complexity grows.

The Company reports annually on the number of Board and Committee meetings that have been held and the attendance record of individual directors. During the year, five conference call, Board meetings were held. The attendance of the directors was as follows:

	number of Board meetings each director attended				
number of Board meetings in 2019	Emma Priestley	Richard Lloyd	Bill Trew	Angie List	Richard Wilkins
5	5	2	4	4	5

Orrie Fenn was appointed to the Board in September 2019, and attended one Board meeting in 2019.

The commitment required from the non-executive directors is 4 days per calendar month, on average and Emma Priestley is full time.

principle 6 – appropriate skills and experience of the directors

The Board consists of five directors, including Bill Trew, a qualified mechanical engineer with significant experience in the mining industry, and Emma Priestley a qualified mineral surveyor and mining engineer. Angela List and Richard Wilkins are qualified accountants. Orrie Fenn holds a doctorate in engineering.

principle 6 – appropriate skills and experience of the directors (continued)

The Company believes that the current balance of skills within the Board, as a whole, reflects a broad and appropriate range of commercial, technical and professional skills relevant to the mining sector and the successful development of the Company within that sector. Brief bios of each of the directors and officers are set out on the Company's website. In accordance with each professional discipline that the director holds, each complies with CPD (Continued Professional Development) for that profession.

principle 7 – evaluation of board performance

In accordance with the AIM Rules for Companies, GoldStone departs from the QCA Code in relation to this principle.

As GoldStone's Board is small and extremely focussed on implementing the Company's strategy, the Board will closely monitor the need for formal performance evaluation, in light of Principle 7 of the QCA Code, as the Company develops.

principle 8 – corporate culture

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The Board considers this to be essential if medium and long-term value is to be delivered. The directors consider that, at present, the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to environmental and related issues and relevant to the ongoing successful development of the Company. The Group also participates in local community projects within the Ashanti region and seeks to be regarded as a good corporate citizen within its spheres of operation.

principle 9 – maintenance of governance structures and processes

The Board will review annually the effectiveness of its corporate governance structures and processes, which includes Jersey and UK regulatory obligations. The Board currently considers that the balance between executive and non-executive directors, including the independent directors, and the roles of the Audit and Compliance Committee and the Remuneration Committee are appropriate for the Company's size and stage of development. The members and responsibilities of each Committee are set out on the Company's website.

The Company has also implemented a code for directors and employees dealings in shares which is appropriate for a company whose shares are traded on AIM and is in accordance with the requirements of the Market Abuse Regulations which came into effect in 2016.

Principle 10 – shareholder communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The directors will continue to meet with and receive calls from shareholders, large and small, institutional and private, as appropriate. The Company will continue to keep its website up to date, participate in podcasts and investor presentations, attend mining conferences, and to release news flow and operational updates as appropriate.

Signed on behalf of the Board of Directors
Emma Priestley
Director
29 June 2020

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 2019 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 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 or loss of the Group for that period. The directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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.

Signed on behalf of the Board of Directors

Emma Priestley
Director
29 June 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GOLDSTONE RESOURCES LIMITED

Opinion

We have audited the financial statements of GoldStone Resources Limited (the ''Company'') and its subsidiaries (together ''the Group'') for the year ended 31 December 2019, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, 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 2019 and of the Group's 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 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.

Material uncertainties related to going concern

We draw attention to note 2b to the financial statements which indicates, in common with many businesses engaged in exploration and development activities prior to the production and sale of minerals, that the Group may require additional funding and/or facilities within 12 months from the date on which the financial statements are authorised for issue in order to fully develop its business plan. The directors are confident that should funding be required it will be available, however at the approval of these financial statements it is not certain that this will be the case.

In order for the Group to enter into the production phase of the project, certain permits still need to be issued. At the date of this report these have not yet been awarded. The directors understand they are be received shortly, however at the approval of these financial statements it is not certain that this will be the case.

The above conditions highlight material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Key audit matters	• Carrying value and appropriate capitalisation of intangible assets.
Audit scope	• We have performed a full scope audit of GoldStone Akrokeri Limited, the component which holds the exploration and evaluation assets. • No component auditors or firms were involved in reporting for the purposes of the consolidated opinion.
Materiality	• Overall Group materiality of US$170,000 (2018: US$160,000) based on 2% of gross assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 and appropriate capitalisation of intangible assets
The Group's carrying value of intangible assets as at 31 December 2019 was US$8.3million, which comprises of exploration and evaluation costs on the Akrokeri-Homase Gold Project ("AKHM"). There is the risk that these assets have been incorrectly capitalised in accordance with IFRS 6 and that there are indicators of impairment as at 31 December 2019.
How we addressed the key audit matter in the audit
We performed the following procedures to address the risk: • Confirmed that the Group has title to the applicable licences; • Reviewed and performed substantive testing of capitalised cost including consideration of appropriateness for capitalisation under IFRS 6; • Assessed the AKHM project during the year and post year end to confirm progress; and • Considered the requirements for an impairment review to be undertaken based in accordance with IFRS 6.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the Group structure and the accounting processes and controls in place.

The Group financial statements are a consolidation of two components; the Company and its main subsidiary GoldStone Akrokeri Limited ('GAL'). GAL was considered to be a significant component and a full scope audit of the financial information has been performed. For the Company, we performed audit procedures on specific accounts within that component that we considered had the potential for greatest impact on the financial statements, either because of the size of these accounts or their risk profile.

Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

We conducted the audit of all components, as set out above, of the business and no component auditors were used during the audit process. Local auditors are engaged for local financial statement filing purposes.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statements line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality 2019	Group materiality 2018	Basis for materiality
US$170,000	*US$160,000*	*2% of gross assets*

Our calculation of materiality increased from the prior year, due to the increase in the Group's gross assets. We consider gross assets to be the most significant determinant of the Group's financial position and performance used by the shareholders, with the key financial balances being intangible exploration and evaluation assets and cash and cash equivalents. The going concern of the Group is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the Group.

Whilst Group materiality was set at US$170,000, materiality for significant components was set at US$136,000 and performance materiality was set at 50% of materiality. We applied the concept of materiality at both planning and performing the audit, and in evaluating the effect of misstatements.

We agreed with the Audit and Compliance Committee that we would report to the Committee all individual audit differences identified during our audit in excess of US$8,500 (2018: US$8,000).

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 or 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:

- adequate 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 Group's 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 financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 financial statements, the directors are responsible for assessing the Group's and Company'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 Company or its subsidiaries 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.

J. Ellis

Jean Ellis, B.A., F.C.A, C.T.A. (Senior Statutory Auditor)
For and on behalf of DSG
29 June 2020

Castle Chambers
43 Castle Street
Liverpool, L2 9TL

consolidated statement of financial position

as at 31 December 2019

in united states dollars	note	31 December 2019	31 December 2018
Assets			
non-current assets			
property, plant and equipment	8	24,314	35,454
intangible assets – exploration and evaluation	9	8,256,380	7,769,721
total non-current assets		**8,280,694**	**7,805,175**
current assets			
trade and other receivables	11	162,864	229,688
cash and cash equivalents	12	90,128	337,468
total current assets		**252,992**	**567,156**
total assets		**8,533,686**	**8,372,331**
Equity			
share capital – ordinary shares	13	3,484,580	3,480,430
share capital – deferred shares	13	6,077,013	6,077,013
share premium	13	27,222,084	27,219,262
foreign exchange reserve	13	(52,061)	-
capital contribution reserve	13	555,110	555,110
share options reserve	13, 15	229,688	229,688
accumulated deficit	13	(30,624,816)	(29,970,036)
total equity		**6,891,598**	**7,591,467**
Liabilities			
non-current liabilities			
borrowings	16	1,168,997	324,000
non-current liabilities		**1,168,997**	**324,000**
current liabilities			
trade and other payables	17	473,091	456,864
current liabilities		**473,091**	**456,864**
total liabilities		**1,642,088**	**780,864**
total equity and liabilities		**8,533,686**	**8,372,331**

The accounting policies and notes on pages 28 to 46 form part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 29 June 2020.
Signed on behalf of the Board.

Emma Priestley
Chief Executive Officer

consolidated statement of comprehensive income

for the year ended 31 December 2019

in united states dollars	note	year ended 31 December 2019	year ended 31 December 2018
continuing operations			
administrative expenses		(542,559)	(1,014,322)
operating loss	6	**(542,559)**	**(1,014,322)**
finance costs	7	(112,221)	-
loss before and after tax from continuing operations		(654,780)	(1,014,322)
items that may be reclassified subsequently to profit and loss:			
foreign exchange translation movement		(52,061)	-
total comprehensive loss for the year		(706,841)	(1,014,322)
loss per share from operations			
basic and diluted losses per share attributable to the equity holders of the company during the year (expressed in cents per share)	14	(0.003)	(0.004)

The accounting policies and notes on pages 28 to 46 form part of these consolidated financial statements.

consolidated statement of changes in equity

for the year ended 31 December 2019

in united states dollars	note	share capital ordinary shares	share capital deferred shares	share premium	foreign exchange reserve	capital contribution reserve	share options reserve	accumulated deficit	total equity
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**
total comprehensive loss for the year		-	-	-	-	-	-	(1,014,322)	**(1,014,322)**
options/warrants expired or lapsed in the year	15	-	-	-	-	-	(90,650)	90,650	**-**
share warrants granted in the year	15	-	-	-	-	-	229,688	-	**229,688**
balance as at 31 December 2018		**3,480,430**	**6,077,013**	**27,219,262**	**-**	**555,110**	**229,688**	**(29,970,036)**	**7,591,467**
total loss for the year		-	-	-	-	-	-	(654,780)	**(654,780)**
translation movement		-	-	-	(52,061)	-	-	-	**(52,061)**
total comprehensive loss for the year		**-**	**-**	**-**	**(52,061)**	**-**	**-**	**(654,780)**	**(706,841)**
issue of ordinary shares	13	4,150	-	2,822	-	-	-	-	**6,972**
balance as at 31 December 2019		**3,484,580**	**6,077,013**	**27,222,084**	**(52,061)**	**555,110**	**229,688**	**(30,624,816)**	**6,891,598**

The accounting policies and notes on pages 28 to 46 form part of these consolidated financial statements.

consolidated statement of cash flows

for the year ended 31 December 2019

in united states dollars	note	year ended 31 December 2019	year ended 31 December 2018
cash flow from operating activities			
operating loss for the year		(542,559)	(1,014,322)
adjusted for:			
- depreciation	8	11,140	11,151
- non cash settlement of director fees	13	6,972	-
- foreign exchange differences		(52,061)	-
changes in working capital:			
- (decrease)/increase in trade and other receivables		-	3,220
- increase in trade and other payables		15,827	397,138
net cash used in operating activities		**(560,681)**	**(602,813)**
cash flow from investing activities			
capitalisation of exploration costs	9	(486,659)	(968,894)
acquisition of property, plant and equipment	8	-	(40,882)
net cash used in investing activities		**(486,659)**	**(1,009,776)**
cash flow from financing activities			
proceeds from loan	16	800,000	324,000
net cash generated from financing activities		**800,000**	**324,000**
net decrease in cash and cash equivalents		**(247,340)**	**(1,288,589)**
cash and cash equivalents at beginning of the year	12	337,468	1,626,057
cash and cash equivalents at end of the year	12	**90,128**	**337,468**

The accounting policies and notes on pages 28 to 46 form part of these consolidated financial statements.

1. reporting entity

The consolidated financial statements for the year ended 31 December 2019 (the "financial statements") comprise GoldStone Resources Limited (the "Company") and its subsidiaries, set out in note 20, (together referred to as the "Group").

The Company is quoted on the AIM market of the London Stock Exchange and is incorporated and domiciled in Jersey (Channel Islands). The address of its registered office is 2nd Floor, International House, 41 The Parade, St. Helier, Jersey, JE2 3QQ. 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") as adopted by the European Union, including International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value. The accounting policies adopted are set out below.

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).

(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 and associated expenditure, existing cash resources and available facilities and licence and permit requirements.

The Group had available cash of US$90k as at 31 December 2019 and in March 2020, the Company announced a fundraising of up to US$4.3 million, gross, to support GoldStone commencing production at the Akrokeri-Homase Gold Project ("AKHM"). The funding included 26, 14% unsecured bond notes ("Bonds") of US$50,000 each to be issued to certain new and existing investors along with 52 million warrants over the ordinary share capital of the Company to be issued to the Bond subscribers. In addition, US$3.0 million was secured by way of a 14% secured gold loan of up to 2,000 troy ounces from Asian Investment Management Services Ltd ("AIMS") (the "Gold Loan"). In addition, AIMS was issued 120 million warrants over the ordinary share capital of the Company.

As at 29 June 2020, all the Bonds have been issued raising funds of US$1.3 million before expenses. In addition, US$1.05 million of the Gold Loan had been drawn down and received. The Board is confident that it will commence gold production in Q4 2020 supported by the funding supplied by the Gold Loan and the Bonds, subject to the necessary permits being issued. Should there be a material delay in the issue of the permits over and above the Boards current expectations, the Company may need to secure further funding to meet its contractual obligations as they fall due.

2. basis of preparation (continued)

(b) going concern (continued)

The Board has reassessed the DEP and determined that the elution plant, electrowinning and Gold Room are not essential capital costs at this stage. This reduces the initial capital outlay to approximately US$3.8 million, allowing the Group to move immediately into the production phase on receipt of the requisite permits, which are expected shortly. The Board confirm that, based on, *inter alia*, its cashflow forecasts, they are satisfied that the Group has adequate resources to move into production and continue in business for the foreseeable future.

The Group continues to evaluate the exploration required along the Homase Trend and at the historic Akrokeri Mine. It is currently the Board's intention that such exploration is funded from future production cashflow from AKHM. In the event that this is not feasible, or the Group wishes to accelerate these exploration programmes, then the Company many need to raise further funding.

The directors believe that the funds are likely to come from further equity issues, specifically in relation to the exercise of warrants held by existing shareholders. The sensitivities around the timing of permits being awarded and the availability of future funding have been incorporated into the financial forecasts produced by the Board in assessing going concern. However, the directors are confident that the necessary permits will be attained shortly and funding will be available, if and when required. The directors therefore believe the going concern basis is appropriate.

(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 States Dollars, which is the functional and presentational currency of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the statement of comprehensive income for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising if any, are classified as other comprehensive income and are transferred to the Group's translation reserve.

When the settlement of monetary items receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in foreign operations and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

2. **basis** of preparation (continued)

(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 are the key estimates and judgements that have a significant risk of resulting in a material adjustment within the next year:

(i) valuation of exploration and evaluation expenditure

The value of the Group's exploration and evaluation 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 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.

(ii) valuation of share warrants

The fair value of share warrants is calculated using the Black-Scholes model. The model requires a number of inputs to calculate the fair value of the warrants. Volatility is based on the Group's trading performance and the risk-free rate is determined using a 3-year UK government bond. The directors have reviewed the underlying inputs and are happy that these appear reasonable.

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 financial statements of its subsidiary undertakings made up to 31 December 2019.

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.

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

(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.

(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) **share** based payments

The fair value of warrants and the employee share option scheme is calculated at the grant date using the Black-Scholes model. The resulting cost is charged to the statement of comprehensive Income over the vesting period or in line with the services provided in consideration for the issue.

(d) **property,** plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated lives, using the straight-line method, unless otherwise indicated, on the following bases:

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

(d) **property,** plant and equipment (continued)

Gold samples	no depreciation charged
Computer equipment	over three years
Office equipment	over four years
Field/geological equipment	over four years
Motor vehicles	over four years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in income.

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

The Group capitalises expenditure in relation to exploration and evaluation of mineral assets when the beneficial or legal rights to ownership of these assets 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.

Once commercially viable reserves are established and development is sanctioned, exploration and evaluation assets are transferred to development assets and once commercial production commences amortisation will be applied.

(f) **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 the statement of comprehensive income.

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

3. significant accounting policies (continued)

(g) 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.

(h) taxation

Current and deferred tax is charged or credited in the statement of comprehensive income, 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.

(i) operating leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(j) finance cost

Finance costs are recognised in the profit and loss period in which they are incurred.

(k) risk management

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates 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.

The Group's 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.

3. significant accounting policies (continued)

(k) risk management (continued)

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 Cedi's and Sterling. 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. adoption of new and revised standards

(a) new and amended standards

The amendments and interpretations listed below apply for the first time from 1 January 2019. None of the standards have an impact on the Group financial statements:

- IFRS 16 – ''Leases''
- IFRIC Interpretation 23 – ''Uncertainty over Income Tax Treatments''
- Amendments to IFRS 9 – ''Prepayment Features with Negative Compensation''
- Amendments to IAS 28 – ''Long-term Interests in Associates and Joint Ventures''
- Amendments to IAS 19 – ''Plan Amendment, Curtailment or Settlement''
- Annual IFRS Improvement Process
    - IFRS 3 Business Combinations – ''Previously held Interests in a joint operation''
    - IFRS 11 Joint Arrangements – ''Previously held Interests in a joint operation''
    - IAS 12 Income Taxes – ''Income tax consequences of payments on financial instruments classified as equity''
    - IAS 23 Borrowing Costs – ''Borrowing costs eligible for capitalisation''

(b) new standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 – ''Insurance Contracts''
- Amendments to IFRS 3 – ''Definition of a Business''
- Amendments to IAS 1 and IAS 8 – ''Definition of Material''

IFRS 17 – ''Insurance Contracts'' is not applicable to the Group as it does not issue insurance contracts.

Where relevant, the Group evaluates the effect of new Standards, amendments to published Standards and Interpretations issued but not effective, on the presentation of the financial statements. The directors have assessed there to be no material impact on the financial statements.

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 results are then subsequently shared with the Board. The Group's reportable segments are:

Exploration and Evaluation: the exploration operating segment is presented as an aggregation of the Homase and Akrokeri licences (Ghana). 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 2019

in united states dollars	**exploration**	**corporate**	**total per consolidated income statement/financial position**
reportable segment expenditure	**-**	**(654,780)**	**(654,780)**
reportable segment (loss)	-	**(654,780)**	**(654,780)**
reportable segment assets	**8,321,000**	**212,686**	**8,533,686**
reportable segment liabilities	**(32,314)**	**(1,609,774)**	**(1,642,088)**

Included within exploration assets is property, plant and equipment of US$24,314 and intangible assets of US$8,256,380, which are held in Ghana.

information about reportable segments for the year ended 31 December 2018

in united states dollars	**exploration**	**Corporate**	**total per consolidated income statement/financial position**
reportable segment expenditure	**-**	**(1,014,322)**	**(1,014,322)**
reportable segment (loss)	-	**(1,014,322)**	**(1,014,322)**
reportable segment assets	**7,827,398**	**544,933**	**8,372,331**
reportable segment liabilities	**(30,247)**	**(750,617)**	**(780,864)**

Included within exploration assets is property, plant and equipment of US$35,454 and intangible assets of US$7,769,721, which are held in Ghana.

6. expenses by nature

The operating loss is stated after charging:

in united states dollars	**year ended 31 December 2019**	**year ended 31 December 2018**
auditor's remuneration in respect of audit of the financial statements		
- previous auditor	-	24,195
- current auditor	26,200	25,000
depreciation	11,140	11,151
foreign exchange difference	1,969	41,505

7. finance cost

in united states dollars	**year ended 31 December 2019**	**year ended 31 December 2018**
interest charged on borrowings	44,997	-
finance charges on borrowings	67,224	-
total	**112,221**	-

8. property, plant and equipment

	31 December 2019			**31 December 2018**		
in united states dollars	**cost**	**accumulated depreciation**	**carrying value**	**cost**	**accumulated depreciation**	**carrying value**
gold samples	4,570	-	4,570	4,570	-	4,570
computer equipment	67,696	(64,509)	3,187	67,696	(61,200)	6,496
office equipment	109,202	(108,047)	1,155	109,202	(107,470)	1,732
field/geological equipment	66,667	(60,795)	5,872	66,667	(58,185)	8,482
motor vehicles	38,576	(29,046)	9,530	38,576	(24,402)	14,174
total	**286,711**	**(262,397)**	**24,314**	**286,711**	**(251,257)**	**35,454**

reconciliation of property, plant and equipment – 31 December 2019

in united states dollars	**carrying value opening balance**	**additions**	**depreciation**	**carrying value ending balance**
gold samples	4,570	-	-	4,570
computer equipment	6,496	-	(3,309)	3,187
office equipment	1,732	-	(577)	1,155
field/geological equipment	8,482	-	(2,610)	5,872
motor vehicles	14,174	-	(4,644)	9,530
total	**35,454**	**-**	**(11,140)**	**24,314**

8. property, plant and equipment (continued)

reconciliation of property, plant and equipment –31 December 2018

in united states dollars	carrying value opening balance	additions	depreciation	carrying value ending balance
gold samples	4,570	-	-	4,570
computer equipment	494	9,559	(3,557)	6,496
office equipment	658	2,308	(1,234)	1,732
field/geological equipment	-	10,439	(1,957)	8,482
motor vehicles	-	18,576	(4,402)	14,174
total	**5,722**	**40,882**	**(11,151)**	**35,454**

9. intangible assets – exploration and evaluation

The Group's intangible assets comprise wholly of exploration and evaluation assets in respect of AKHM in Ghana.

in united states dollars	31 December
balance as at 31 December 2017	**6,800,827**
Additions	968,894
balance as at 31 December 2018	**7,769,721**
Additions	486,659
balance as at 31 December 2019	**8,256,380**

Impairment of the above is considered in relation to the impairment indicators listed within IFRS 6. The key estimate in relation to AKHM is in respect of the mineral resource's potential. Details of AKHM can be found on the Group's website.

10. taxation

(a) current and 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.

11. trade and other receivables

in united states dollars	31 December 2019	31 December 2018
other receivables	162,864	229,688
total	**162,864**	**229,688**

Other receivables relate to the fair value of share warrants issued in the prior period.

12. cash and cash equivalents

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

in united states dollars	**31 December 2019**	**31 December 2018**
sterling	6	58,385
US dollars	81,969	270,260
ghana cedis	8,153	8,823
total	**90,128**	**337,468**

13. capital and reserves

(a) share capital

	31 December 2019	**31 December 2018**
ordinary shares		
called up, allotted and fully paid		
250,050,253 ordinary shares of 1 pence each (2018: 249,707,991)	£2,500,503	£2,497,080
converted to united states dollars at date of issue	$3,484,580	$3,480,430
deferred shares		
called up, allotted 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 2018: 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 2018: 1,000,000,000) authorised ordinary 1 pence shares	£10,000,000	£10,000,000

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

		Number of Shares	Nominal Value	Share premium
1 January 2019	**Opening balance**	**249,707,991**	**$3,480,431**	**$27,219,262**
2 August 2019	Shares at 1.68p share	342,262	£3,423	£2,327
	Converted to United States Dollars at date of issue	-	$4,150	$2,822
31 December 2019	**Closing balance**	**250,050,253**	**$3,484,581**	**$27,222,084**

13. capital and reserves (continued)

(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 342,262 (2018: nil) new 1p ordinary shares, all of which rank *pari passu* with the existing ordinary shares. The shares were issued at a price of 1.68p per share. The total value received for the share issuance was US$6,972 (2018: US$ nil).

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

(e) dividends

No dividends were proposed or declared during the period under review (2018: 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) foreign exchange reserve

Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.

(iv) capital contribution reserve

Capital contribution reserve consists of deferred shares classified as equity.

(v) share options reserve

Share options and warrants reserve consists of the fair value of options and warrants outstanding at the year end.

(vi) accumulated deficit

Accumulated deficit reserve represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

14. earnings per share

The calculation of basic and diluted earnings per share at 31 December 2019 was based on the losses attributable to ordinary shareholders of US$654,780 (2018: US$1,014,322), and an average number of ordinary shares in issue of 249,849,584 (2018: 249,707,991).

in united states dollars	**31 December 2019**	**31 December 2018**
loss attributable to shareholders	(654,780)	(1,014,322)
weighted average number of ordinary shares	249,849,584	249,707,991
basic and diluted earnings per share	**(0.003)**	**(0.004)**

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

in number of shares	**31 December 2019**	**31 December 2018**
Warrants	40,352,377	40,352,377

15. share based payment arrangements

At 31 December 2019, the Group has the following share-based payment arrangements.

(a) share option programmes (equity-settled)

The Group has 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 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 conditions relating 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 2019 (2018: same).

(b) reconciliation of outstanding share options

There are no options outstanding at 31 December 2019 (2018: same).

15. share based payment arrangements (continued)

(c) warrants

There have been no warrants granted or exercised during the period under review.

On 27 December 2018, the Company granted 40,352,377 warrants with an exercise price of 1.2p exercisable from 28 December 2018 up to 2 June 2022; see note 16 for further details.

All ordinary 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 warrants issued was measured based on the Black-Scholes formula. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected return.

reconciliation of outstanding warrants

the number and weighted average exercise prices

	number of warrants 31 December 2019	weighted average exercise price 31 December 2019	number of warrants 31 December 2018	weighted average exercise price 31 December 2018
outstanding as at 1 January	40,352,377	1.2p	80,352,377	3.5p
expired or cancelled during the year	-	-	(80,352,377)	3.5p
granted during the year	-	-	40,352,377	1.2p
outstanding at 31 December	**40,352,377**	**1.2p**	**40,352,377**	**1.2p**
exercisable at 31 December	**40,352,377**	**1.2p**	**40,352,377**	**1.2p**

The warrants outstanding at 31 December 2019 have an exercise price of 1.2p (2018: 1.2p) and a weighted average life of 2.4 years (2018: 3.4 years).

(d) measurement of fair value

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

	warrants 27 December 2018
share price at grant	1.20p
warrant exercise price	1.20p
expected life of warrants from exercise date	3.4 years
expected volatility	51.6%
expected dividend yield	0.00%
risk free rate	0.74%
fair value per warrant	0.67p
US$:GBP exchange rate used	1.2469

The risk free rate has been determined based on 3 year UK government bonds.

Total fair value as considered in the share options and warrants reserve was US$229,688 (2018: US$229,688).

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

(e) expense recognised in statement of comprehensive income

The fair value of the warrants issued on 27 December 2018 has been reflected within trade and other receivables and are being released to the statement of comprehensive income over the period of the loan facility; see note 11 and 16 for further details. The expense recognised during the year was US$67,224 (2018: US$nil).

16. **borrowings**

in united states dollars	**31 December 2019**	**31 December 2018**
shareholder loan	1,168,997	324,000
Total	**1,168,997**	**324,000**

The Company entered into a loan agreement with Paracale Gold Limited (''Paracale''), the Company's major shareholder, in December 2018, for a loan of up to US$1,224k.

The loan will accrue interest at 6.0% per annum, compounded daily against the loan's outstanding balance, until it is repaid. A total of US$1,124k had been drawn as at 31 December 2019, with the remaining US$100K drawn post year end. The loan will be repaid in full on or before 2 June 2022.

In consideration of entering into the loan agreement, Paracale, were issued with 40,352,377 warrants to subscribe for such number of 1p ordinary shares at an exercise price of 1.2p per share, at any time during the period through to 2 June 2022. See note 15 for further details.

17. **trade** and other payables

in united states dollars	**31 December 2019**	**31 December 2018**
trade payables	49,928	102,928
other payables	218,436	217,487
accruals	204,727	136,449
Total	**473,091**	**456,864**

Other payables includes an amount due to Mr Schloemann, a former director of the Company, for damages of US$140,000 plus interest and legal fees.

18. **financial** instruments

(a) **financial** risk management

The Group's principal financial instruments comprise of cash, receivables and payables including the various loans and bonds. 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 maximum credit risk exposure relating to financial assets is represented by their carrying value as at the consolidated statement of financial position date. The Group's exposure to significant concentration on credit risk on trade and other receivables is considered low.

18. 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 incurs liabilities for its working capital expenditure in one of these denominations. Payments are made in Sterling (GBP), United States Dollars (US$), South African Rand (ZAR) and Ghana Cedis (GHS), or Euro at the pre-agreed price and converted (if necessary) as soon as payment needs to occur. Currency conversions and provisions for expenditure are only made as soon as debts are due and payable. The Group is therefore exposed to currency risk in so far as its liabilities are incurred in South African Rand and Ghanaian Cedi and fluctuations occur due to changes in the ZAR/GBP, ZAR/US$ and GHS/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, Ghanaian Cedi 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 and Ghanaian Cedi as and when required.

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

	average rate 2019	reporting date spot rate 2019	average rate 2018	reporting date spot rate 2018
Sterling to US dollars	1.276	1.312	1.336	1.274
South African Rand to US dollars	0.069	0.071	0.076	0.070
Ghana Cedis to US dollars	0.185	0.175	0.213	0.206

A strengthening (weakening) of GBP, ZAR or GHS against all other currencies at 31 December 2019 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.

18. financial instruments (continued)

(d) market risk (continued)

in united states dollars	equity strengthening 2019	equity weakening 2019	equity strengthening 2018	equity weakening 2018
sterling 13% (2018: 13%)	-	-	-	-
south african rand 20% (2018: 20%)	-	-	-	-
ghana cedis 10% (2018: 10%)	39,343	(39,343)	70,213	(70,213)
Total	**39,343**	**(39,343)**	**70,213**	**(70,213)**

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. At the end of the prior year the Group entered into a loan arrangement with Paracale as detailed in note 16. The interest rate is fixed at 6% for the duration of the term of the loan. 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.

19. related parties

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

salaries and other short-term benefits – detail:

in united states dollars	31 December 2019	31 December 2018
Director's remuneration: executive – E Priestley	87,890	131,888
Director's remuneration (accrued): executive – E Priestley (*)	32,500	-
Director's remuneration: non-executive – R Lloyd	700	30,153
Director's remuneration (shares); non-executive - R Lloyd	6,972	-
Director's remuneration: non-executive – R Wilkins	5,650	15,527
Director's remuneration (accrued): non-executive – R Wilkins (*)	6,500	-
Director's remuneration: non-executive – W Trew	13,537	24,000
Director's remuneration: non-executive – A List	7,263	15,527
Director's remuneration (accrued): non-executive – A List (*)	6,500	-
Director's remuneration (accrued): non-executive – O Fenn (*)	2,000	-
total	**169,512**	**217,095**

(*) Represents the value of accrued fees for the period 31 December 2018 to 31 December 2019 for each director.

The total amount payable to the highest paid director in respect of emoluments was US$120,390 (2018: US$131,888). No directors exercised any share options during the year (2018: nil).

19. related parties (continued)

Richard Lloyd resigned as a director on 2 August 2019; the above represents his remuneration up until this date. The Board agreed to settle any accrued and deferred fees owing to Richard Lloyd, at the date of his resignation, through the issue of new ordinary shares, of US$6,972 (GBP£5,750), see note 13 for further details.

Orrie Fenn was appointed as a director on 2 September 2019.

E Priestley's remuneration was paid to Santon Consultancy Services 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.

During the prior year, the Company entered into a loan agreement for an amount up to US$1,224k with Paracale, the Company's major shareholder and a company in which Bill Trew, the Company's chairman, is interested. At year end the balance was US$1,169k (2018: US$324k), being funds drawn down as at 31 December 2019 included interest accrued to date of US$45k- see note 7 and 16 for further details.

During the year, the Company engaged MAED (UK) Limited ("MAED") to undertake the Definitive Economic Plan ("DEP") report. MAED is a related party, as it is wholly owned by the Company's non-executive chairman Bill Trew.

20. 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 2019	ownership interest 2018
GoldStone Akrokeri Limited	Ghana	Development and exploration of gold and associated elements	100%	100%
GoldStone Homase Limited	Ghana	Dormant	90% (*)	90% (*)
GoldStone Resources Limited Gabon S.A.R.L.	Gabon	Dormant	100%	100%

(*) Held indirectly via GoldStone Akrokeri Limited

Under Article 105(11) 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.

21. ultimate controlling party

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

22. subsequent events

Post the year end, GoldStone has made significant progress, being awarded the Mineral Lease for the Homase South Pit, announced on 14 February 2020, to which the application for the environmental permit has been submitted and is expected to be awarded in the coming weeks.

As announced on 16 March 2020, the Company has agreed with its joint venture partner for the Homase prospecting licence, Cherry Hill Mining Company Limited, for it to relinquish its 10% equity stake in lieu of a 2% sales royalty, less all costs and taxes and duties in accordance with the joint venture agreement. GoldStone is waiting for the Ghanaian Ministry of Lands and Natural Resources to conclude the process of transferring the Homase licence to its wholly owned Ghanaian subsidiary, GoldStone Akrokeri Limited.

GoldStone was temporary suspended from trading on AIM following an administrative error in 2019 that led to the Company's Jersey registration being dissolved. The Company was restored to the Jersey Registrar of Companies on 11 June 2020, by the Royal Court of Jersey, with the dissolution of the Company having been voided, which has the effect of the dissolution effectively never taken place. This enabled the resumption of trading in the Company's shares on AIM.

Also in March, the Company successfully raised US$4.3 million, gross, comprising the issue of 26, 14% unsecured bond notes of US$50,000 each to certain existing and new investors, to raise, in aggregate, US$1.3 million (the "Bonds"). 52 million warrants, exercisable at 3 pence per ordinary share (the "Exercise Price") of 1 penny each in the Company ("Ordinary Share"), were issued to the Bond subscribers.

In addition, a 14% secured loan was agreed with Asian Investment Management Services Ltd (the "Gold Loan"), of up to 2,000 troy ounces of gold at a price of US$1,500 per troy ounce, equating to a value of US$3.0 million, with 120 million warrants, exercisable at the Exercise Price also being issued to AIMS. The Gold Loan was finalised in June 2020 and, in aggregate, 700 troy ounces (US$1.05 million) has already been drawn and received by the Company. The Gold Loan and the Bonds, will, subject to receipt of the requisite environmental and operational permits, enable the Company to start mining the Homase South Pit and to construct the associated heap leach plant.