Metgold Limited

Report and Financial Statements

Year Ended

30 September 2011

Company Number 6223345

Metgold Limited

Report and financial statements
for the year ended 30 September 2011

Contents

Directors

K Akosah - Bempah
N Brodie
A Reve
M Khumalo
R Wagner

Secretary and registered office

St James's Corporate Services Limited, 6 St James's Place, London, SW1A 1NP

Company number

6223345 (England and Wales)

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Metgold Limited

Report of the directors
for the year ended 30 September 2011

The directors present their report together with the audited financial statements for the year ended 30 September 2011

Principal activities

Metgold Limited is the holding Company of a group whose principal business during the year was that of gold mining, as well as the development and exploration of gold mines The Company acquired the Metallon Gold Zimbabwe mining operations from Cableair Limited as of 1 October 2007 The group's principal operating mines were Arcturus Mine (Arcturus), How Mine (Bulawayo), Mazowe Mine (Mazowe), Redwing Mine (Penhalonga) and Shamva Mine (Shamva)

Review of business and future developments

Turnover has increased more than two fold to $2,760,397 (2010 - $1,265,287) due to the increased production of the operating gold mines This has correspondingly resulted in a proportionate increase in Gross Profit to $897,130 (2010 - $411,218) Total Comprehensive Loss has increased from $807,743 to $2,445,202 The main reason for the increase in the loss is due to the staff costs incurred in the year of $2,421,931 (2010 - $922,141) which were required to fulfil the requirements of the service agreements the Company has entered into

The results have meant that the Statement of Financial Position has weakened with net liabilities increasing from $1,215,937 to $3,661,139 which is discussed below in the Going Concern section of this report

Whilst some remedial work is still required at a number of mines production levels at the producing mines are increasing in accordance with management's expectations Production is being sold on the open market and prices reflect the market demand for Gold It is therefore the Directors view that the results for the Company going forward will improve and ultimately enable the Company to become profitable in the near future

Financial risk management

The group's operations are exposed to a variety of financial risks that include the effect of price risk, credit risk and liquidity risk The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company

Price risk

The Company is exposed, through its subsidiary, to changes in the market prices of commodities and in particular the selling price of gold Because of the size of the Company's operations it would be not cost effective to attempt to manage this risk however Directors continue to review this situation and will review this policy if circumstances change

Credit risk

Credit risk arises from the Company's receivables from related parties There are no fixed terms for the receivables The Company's maximum exposure to credit risk is the carrying value of the receivables The Company only deposits cash with reputable banks with high credit ratings

Liquidity risk

The Company does not have cash balances at the moment and its obligations are settled by other group companies The Company's trade and other payables are due within one month There are no fixed terms of repayment for the Company's payables to related parties

Results for the year and dividends

The Company's loss for the year after taxation was $2,445,202 (2010 - loss $807,743) The directors do not recommend the payment of a dividend (2010 - $nil)

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 14 of the financial statements

Directors

The directors of the Company during the year were

K Akosah - Bempah	
C Gura	resigned 1 July 2011
A Reve	
M Khumalo	
R Wagner	appointed 5 August 2011
N Brodie	appointed 5 August 2011

The directors did not, at the end of the financial year have, any disclosable interest in the shares of the Company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to the directors or their immediate family, or exercised by them during the financial year

Going concern

The Company currently has net liabilities of $3,661,139 (2010 - $1,215,937) and in addition the Company requires further funding to continue in operational existence The Company has obtained support from its subsidiary undertaking to allow it to meet its financial obligations as they fall due for a period of no less than twelve months from the date of these financial statements

Production on the mines has improved with production coming from underground on all but one of the mines It is expected that in the coming year the production levels will be almost back to production capacity and the operation will show a higher profitability Production is being sold on the open market and prices reflect the market demand for Gold

Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

Approved by the Board of directors and signed on behalf of the board on

Nicholas Brodie
Director

Date 10/8/12

TO THE MEMBERS OF METGOLD LIMITED

We have audited the financial statements of Metgold Limited for the year ended 30 September 2011 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flow and the related notes 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 and, as regards the-parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Basis for qualified opinion on the financial statements

The Company has not prepared group financial statements, which is contrary to the provisions of the Companies Act 2006 and the requirements of International Accounting Standard 27 ("IAS 27") 'Consolidated and Separate Financial Statements'

Qualified opinion on the financial statements

In our opinion except for the effects of the matter described in the Basis for qualified opinion paragraph, the parent Company financial statements

- give a true and fair view of the state of the parent Company's affairs as at 30 September 2011 and of the Company's loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our qualified opinion regarding the lack of group financial statements, in our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Anne Sayers, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 10 August 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Metgold Limited

Company Statement of comprehensive income
for the year ended 30 September 2011

	Note	2011 $	2010 $
Revenue	3	**2,760,397**	1,265,287
Management fee paid	4	**(1,863,267)**	(854,069)
Gross profit		**897,130**	411,218
Administrative expenses		**(3,038,622)**	(1,060,406)
Loss from operations	5	**(2,141,492)**	(641,886)
Finance expense	8	**(27,671)**	(32,026)
Loss before taxation		**(2,169,163)**	(681,214)
Tax expense	9	**(276,039)**	(126,529)
Loss after taxation and total comprehensive loss for the year		**(2,445,202)**	(807,743)

All amounts relate to continuing activities

The notes on page 10 to 22 form part of these financial statements

Metgold Limited

Company statement of changes in equity
for the year ended 30 September 2011

	Share Capital $	Retained Deficit $	Total $
Closing balance 30 September 2009	1	(408,195)	(408,194)
Total comprehensive loss for the year	-	(807,743)	(807,743)
Closing balance 30 September 2010	1	(1,215,938)	(1,215,937)
Total comprehensive loss for the year	-	(2,445,202)	(2,445,202)
Closing balance 30 September 2011	**1**	**(3,661,140)**	**(3,661,139)**

The notes on page 10 to 22 form part of these financial statements

Metgold Limited

Company statement of financial position
as at 30 September 2011

Company number 6223345	Note	2011 $	2011 $	2010 $	2010 $
ASSETS					
Non - current assets					
Investment in subsidiary	10	**11,954,000**		11,954,000	
Shareholder's loan		**1**		1	
			11,954,001		11,954,001
Current assets					
Trade and other receivables	11	**793,983**		821,610	
Cash and cash equivalents		**-**		-	
			793,983		821,610
Total assets			**12,747,984**		12,775,611
LIABILITIES					
Non - current liabilities					
Loan from related party	13		**11,954,000**		11,954,000
Current liabilities					
Trade and other payables	12		**4,455,123**		2,037,548
Total liabilities			**16,409,123**		13,991,548
Total net liabilities			**(3,661,139)**		(1,215,937)
Capital and reserves attributable to equity holders of the Company					
Share capital	15	**1**		1	
Retained deficit		**(3,661,140)**		(1,215,938)	
			(3,661,139)		(1,215,937)
Total equity			**(3,661,139)**		(1,215,937)

The financial statements were approved and authorised by the Board of Directors on 10/8/12 and signed on its behalf by

Nicholas Brodie
Director

The notes on page 10 to 22form part of these financial statements

Metgold Limited

Company statement of cash flows
for the year ended 30 September 2011

	2011 $	2011 $	2010 $	2010 $
Cash flows from operating activities				
Loss before taxation		**(2,169,163)**		(681,214)
Adjustments for				
Withholding tax		**(276,039)**		(126,529)
Cash flows from operating activities before changes in working capital and provisions		**(2,445,202)**		(807,743)
Decrease in receivables		**27,627**		50,530
Increase in payables		**2,417,575**		744,463
Cash flows from operating activities		**-**		(12,750)
Investing activities				
Interest received	**-**		-	
Net cash from investing activities		**-**		-
Decrease in cash and cash equivalents		**-**		(12,750)
Cash and cash equivalents at beginning of year		**-**		12,750
Cash and cash equivalents at end of year		**-**		-

The notes on page 10 to 22 form part of these financial statements

Metgold Limited

Notes forming part of the financial statements
for the year ended 30 September 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS The policies have not changed from the previous period

The accounting policies that have been applied in the opening statement of financial position have also been applied throughout all periods presented in these financial statements These accounting policies comply with each IFRS that are mandatory in the accounting period ended 30 September 2011

The financial statements are presented in US dollars ($) being the most applicable reporting currency for the sector in which the Company and group operates

Going concern

The Company currently has net liabilities of $3,661,139 (2010 - $1,215,937) and in addition the Company requires further funding to continue in operational existence The Company has obtained support from its subsidiary undertaking to allow it to meet its financial obligations as they fall due for a period of no less than twelve months from the date of these financial statements

The Company's subsidiary's mining operations are in production Production on the mines has improved with production coming from underground on all but one of the mines It is expected that in the coming year the production levels will be almost back to production capacity and the operation will show a higher profitability Production is being sold on the open market and prices reflect the market demand for Gold

Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis

Metgold Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 *(continued)*

1 Accounting policies *(continued)*

The IASB and IFRIC have issued the following standards and interpretations
The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period

i Standards, amendments and interpretations effective in the accounting period but not relevant for the Company:

Given below are all standards and amendments issued and are effective for the 2011 accounting period None of the new standards are relevant for the Company

Standard		**Effective date**
Improvements to IFRSs	Multiple IFRSs/IASs/IFRICs	1 January 2010
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRS 1 (Amendment)	First-time adoption of IFRS	1 January 2010
IAS 32 (Amendment)	Classification of rights issues	1 February 2010
IFRIC 19	Extinguishing financial liability with equity instruments	1 July 2010
IFRS 1 (Amendment)	First-time adoption of IFRS	1 July 2010

ii. Standards, amendments and interpretations that are not yet effective and have not been early adopted:

Standard		Effective date
IAS 24 (Revised)	Related party disclosures	1 January 2011
Improvements to IFRSs (2010)	IFRS 1(First time Adoption), IFRS 3, IFRS 7, IAS 1, IAS 34	1 January 2011
IFRIC 14 / IAS 19 (Amendment)	Limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
IFRS 7 (Amendments)	Disclosures – transfers of financial assets	1 July 2011
IFRS 1 (Amendments)	Severe Hyperinflation and removal of fixed dates for first-time adopters	1 July 2011*
IAS 12 (Amendment)	Deferred tax recovery of underlying assets	1 January 2012*
IAS 1 (Amendment)	Presentation of items of other comprehensive income	1 July 2012*
IFRS 10	Consolidated financial statements	1 January 2013*
IFRS 11	Joint Arrangements	1 January 2013*
IFRS 12	Disclosure of interest in other entities	1 January 2013*
IFRS 13	Fair value measurement	1 January 2013*
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2013*
IAS 28	Investments in Associates and Joint Ventures	1 January 2013*
IAS 19	Employee Benefits	1 January 2013*
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013*
IFRS 7 (Amendment 2011)	Disclosures – offsetting financial assets and financial liabilities	1 January 2013*
IFRS 1 (Amendments)	Government Loans	1 January 2013*
Annual Improvements to IFRSs	IFRS 1 (First time Adoption), IAS 11, IAS 16, IAS 32	1 January 2013*
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance	1 January 2013*
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014*
IFRS 9	Financial instruments	1 January 2015*

* Not yet endorsed by the EU

1 Accounting policies *(continued)*

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary The Company has not prepared group financial statements, which is contrary to the provisions of the Companies Act 2006 and the requirements of International Accounting Standard 27 ("IAS 27") 'Consolidated and Separate Financial Statements' These financial statements include the state of affairs of the Company only as at 30 September 2011 and of its loss for the year then ended

Revenue

Revenue represents management fees earned by the Company Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount can be measured reliably

Foreign currencies

Transactions in foreign currencies are recorded using the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the profit and loss account

Taxation

Tax in the income statement for the year comprises withholding tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years

Withholding tax is expected tax payable on the management fees and dividends declared and are determined by taxation authorities

Deferred tax is calculated based on the tax rates that are expected to apply to the year when the asset or liability is settled The effect on deferred tax of any changes in tax rates is charged to the income statement, except to the extent that it relates to the items previously charged or credited directly to equity

The Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost, less any impairment in value The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument Unless otherwise indicated, the carrying amounts of the Company's financial instruments are a reasonable approximation of their fair values

1 Accounting policies *(continued)*

Financial assets

The Company's financial assets fall into the one category discussed below The Company does not hold any held to maturity, available for sale or fair value through the profit or loss financial assets

Loans and receivables

Trade receivables, loans and other receivables, are stated at amortised cost less any provision for impairment

For cash flow statement purposes cash and cash equivalents comprise cash balances, call deposits, and other short term highly liquid investments with original maturities of three months or less

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted For financial assets the amount of the impairment is the difference between the asset's net carrying amount and the present value of the future expected cash flows associated with the impaired asset, discounted at the original effective interest rate

The carrying amount of the financial asset is reduced by the impairment loss directly for all assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account

Financial liabilities

The Company has classified its financial liabilities into the one category discussed below

Financial liabilities held at amortised cost

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method

Loans payable are recognised at fair value net of any transaction costs directly attributable to the issue of the instrument Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the statement of financial position

Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and operating costs during the reporting year Actual results could differ from these estimates

The accompanying financial statements reflect management's assessment of the impact of the Zimbabwean business environment on the operations and the financial position of the Company The future business environment may differ from management's assessment The impact of such differences on the operations and the financial position of the Company may be significant

1 Accounting policies *(continued)*

Critical accounting estimates and judgements (continued)

Recoverability of investment in subsidiary
The investment in subsidiary is assessed for impairment on an annual basis and when circumstances suggest that the carrying amount may exceed its recoverable value and, therefore, there is a potential risk of an impairment adjustment

This assessment involves judgement as to (i) the likely future commerciality of the subsidiary, (ii) future revenues and costs pertaining to the subsidiary, and (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value

Recoverability of trade and other receivables
The recoverability of trade and other receivables is dependent on the counterparty being able to discharge its obligation in respect of the receivable The carrying amount of receivables is reduced through the use of an allowance account where the amount is unlikely to be recovered The assessment of recoverability involves judgement as to whether counterparties will be able to meet their debts as and when they fall due

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

Interest expense on loan from related party
The loan from related party (note 13) does not bear any fixed repayment terms The loan bears interest at 1 month US LIBOR Should the interest rate increase significantly or the terms of the loan be re-negotiated, the related change in interest expense may impact the profit and loss and net asset position of the Company significantly

2 Segmental information

In the opinion of the directors, the Company operates in one business class being the intermediary holding Company The Company operates in one geographical area being the UK The financial information presented reflects all the activities of this single reportable segment

Operating results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions, has been identified as the Directors On this basis, the Company has one reportable segment being the activities associated with an intermediary holding Company The subsidiary's operations all arise within Zimbabwe

3 Revenue

	2011	2010
	$	$
Revenue arises from		
Management fees	**2,760,397**	1,265,287

On 1 October 2007, Metgold Limited ('Metgold') entered into an agreement with its 100% owned subsidiary Metallon Gold Zimbabwe (Private) Limited ('Metallon Gold')

3 Revenue *(continued)*

In this agreement Metgold undertakes to provide Metallon Gold with technical and management services

As compensation for these management and technical services, Metgold is entitled to charge a fee which is 2% of the annual turnover of Metallon Gold

The management fee payable in 2011 in terms of this agreement was $2,760,397 (2010 - $1,265,287)

4 Management fees paid

	2011	2010
	$	**$**
Management fees paid	**1,863,267**	854,069

On 1 October 2008, Metgold Limited entered into an agreement with Metallon Corporation (Propriety) Limited incorporated in South Africa

In this agreement Metallon Corporation (Propriety) Limited undertakes to provide Metgold Limited with technical and management services needed in order for Metgold Limited to fulfil its obligations under the agreement signed with Metallon Gold Zimbabwe (Private) Limited (refer to note 3) Subsequently, in August 2010 Metallon Corporation (Propriety) Limited ceded its rights and obligations under the agreement to Simane Management Services (Propriety) Limited

As compensation for these management and technical services, Simane Management Services (Propriety) Limited is entitled to charge a fee which is 75% of the annual revenue of Metgold Limited from management fees and 100% from dividends received by Metgold The management fee payable in 2011 in terms of this agreement was $1,863,267 (2010 - $854,069)

5 Loss from operations

	2011	2010
	$	$
This has been arrived at after charging		
Audit fee	**37,440**	50,000
Consulting fees	**488,443**	80,773
Staff costs (see note 7)	**2,421,931**	922,141
Other	**-**	190
Foreign exchange losses	**90,808**	7,302

Metgold Limited

Notes forming part of the financial statements
for the year ended 30 September 2011 *(continued)*

6 Directors emoluments

	2011	2010
	$	$
All directors	**1,214,789**	520,705

The highest paid director in the year received remuneration totalling $1,070,949 (2010 $ 520,705)

7 Staff costs

	2011	2010
	$	$
Staff costs (including Directors emoluments) comprise		
Wages and salaries	**1,835,282**	736,509
Taxation on Salaries	**447,129**	133,792
Pension costs	**139,520**	51,840
	2,421,931	922,141

There were 9 employees (including five director) in the current year (2010 - 5)

8 Finance expense

	2011	2010
	$	$
Finance expense		
Interest on loan from related party	**27,671**	32,026

9 Tax expense

Current tax expense	**2011** **$**	2010 $
Withholding taxes paid	**276,039**	126,529

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to losses for the year are as follows

	2011 **$**	2010 $
Loss for the year	**(2,169,163)**	(681,214)
Expected tax charge based on the standard rate of corporation tax in the UK of 26% (2010 - 28%)	**(563,982)**	(190,740)
Withholding tax	**276,039**	126,529
Unrecognised tax losses carried forward	**563,982**	190,740
Total tax expense	**276,039**	126,529

No deferred tax asset has been recognised in respect of the carried forward tax losses of approximately $1,114,055 (2010 - $550,073) as the recoverability of this benefit in future years is uncertain

10 Investment in subsidiary

On 1 October 2007 the Company acquired 100% of the share capital of Metallon Gold Zimbabwe (Private) Limited, a company incorporated in Zimbabwe whose principal activity is gold mining in Zimbabwe, from Cableair Limited for consideration of $11,954,000 The settlement was met through a loan granted to Metgold Limited by Cableair Limited Management is of the opinion that the investment is free from impairment as there are no indicators which suggest otherwise

11 Trade and other receivables

	2011 **$**	**2010** **$**
Due from related party	**793,983**	821,610

The amount due from Redwing Mining Limited & Metallon Corporation (Pty) Limited, related parties, is non-interest bearing and repayable on demand

12 Trade and other payables

	2011 **$**	**2010** **$**
Other payables	**150,905**	141,114
Due to related party	**4,304,218**	1,896,434
	4,455,123	2,037,548

13 Non-current payables

	2011 $	2010 $
Loan from related party	**11,954,000**	11,954,000

The amount due to the related party bears interest at 1 month US LIBOR The loan has no fixed terms of repayment and is not secured against any of the Company's assets

14 Financial instruments

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments This note describes the Company's objectives, policies and processes for managing those risks

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows

- Trade and other receivables
- Trade and other payables

All financial assets are designated as loans and receivables and all financial liabilities are measured at amortised cost

	Loans and Receivables 2011 $	Loans and receivables 2010 $	Financial Liabilities measured at Amortised Costs 2011 $	Financial liabilities measured at amortised costs 2010 $
Current financial assets				
Receivables from related party	**793,983**	821,610	-	-
Current financial liabilities				
Trade and other payables	-	-	**150,905**	141,114
Payables to related party	-	-	**4,304,218**	1,896,434
Non-current liabilities				
Loan from related party	-	-	**11,954,000**	11,954,000
Total	**793,983**	821,610	**16,409,123**	13,991,548

14 Financial instruments *(continued)*

General objectives, policies and procedures

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments or other hedging contracts or techniques to mitigate risk The main risks affecting such instruments are interest rate risk and foreign currency risk which are discussed below Throughout the year ending 30 September 2011 no trading in financial instruments was undertaken

There is no material difference between the book value and fair value of the Company cash balances, receivables and payables

Market risk

Market risk arises from the Company's use of interest bearing and foreign currency financial instruments It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), and foreign exchange rates (currency risk)

Interest rate risk

The Company manages the interest rate risk associated with the Company's cash assets by ensuring that interest rates are as favourable as possible The only interest bearing liability in the Company is the loan from related party which bears interest at 1 month US LIBOR The average interest rate on the loan during the year was 0 231% (2010 - 0 268%) If interest rates had been 0 5% higher during the year, loss for the year would have increased and net assets decreased by $59,770 (2010 - $60,020)

Currency risk

Foreign exchange risk arises because the Company carries out transactions with its subsidiary and uses the services of other companies that do not operate in US dollars

The table below shows the Company's currency exposures that give rise to the net currency gains and losses recognised in the income statement Such exposures comprise the financial assets and financial liabilities of the Company that are not denominated in the operating ('functional') currency of the operating unit involved

As at 30 September 2011, these exposures were as follows

Net foreign currency financial assets/ (liabilities)

	Financial Assets 2011 $	**Financial Assets 2010 $**	**Financial Liabilities 2011 $**	**Financial liabilities 2010 $**
British Pounds	-	-	**150,905**	97,766
US Dollars	**793,983**	821,610	**16,258,218**	13,893,782
At 30 September 2011	**793,983**	821,610	**16,409,123**	13,991,548

14 Financial instruments *(continued)*

Currency risk (continued)

The foreign currency exposures disclosed above arise in the UK only The Company's overseas subsidiary's functional currency is US dollars It has no significant exposure to other currencies

If the exchange rate on uncovered exposures were to move significantly between the year end and date of payment or receipt there could be an impact on the Company's gross loss At year end a 10% increase in the value of the British pound against the US dollar would have increased the loss for the year and decreased net assets by $15,090 (2010 - $5,063)

Liquidity risk

The Company does not have cash balances at the moment and its obligations are settled by other group companies The Company's trade and other payables are due within one month There are no fixed terms of repayment for the Company's payables to related parties

Credit risk

Credit risk arises from the Company's receivables from related parties There are no fixed terms for the receivables The Company's maximum exposure to credit risk is the carrying value of the receivables The Company only deposits cash with reputable banks with high credit ratings

Capital

The Company considers its capital to comprise its ordinary share capital and retained deficit

In managing its capital, the Company's primary objective is to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs

15 Share capital

	Number	**$**
Authorised		
Ordinary shares of £0 1 each	**10,000**	**2,000**

	Number	**$**
Allotted, called up and fully paid		
Ordinary shares of £0 1 each	**2**	**1**

All the authorised and allotted shares are of the same class and rank pari passu

The following describes the nature and purpose of each reserve within owners' equity

Reserve	**Description and purpose**
Share capital	The nominal value of shares issued
Retained deficit	Cumulative net gains and losses recognised in the comprehensive income statement

16 Related party disclosure

Companies in the group have entered into a number of related party transactions with entities that are under common control

	2011 $	2010 $
Receivable due from related party		
Redwing Mining Limited	**376,857**	375,439
Metallon Corporation (Pty) Limited	**417,126**	446,171

Redwing Mining Limited is the holding Company of Metgold Limited and is therefore a related party The receivable relates to payments made by Metgold Limited on behalf of Redwing Mining Limited The receivable is not subject to any fixed terms

Metallon Corporation (Pty) Limited is a Company under common control and is therefore a related party The receivable relates to advances made to Metallon to meet its expenses

Payables due to related party

	2011 $	2010 $
Cableair Limited		
Loan from related party (see notes 10 and 13)	**11,954,000**	11,954,000
Interest payable on loan	**540,354**	512,683
Other payable	**383,646**	384,854

Cableair Limited is a company under common control and is therefore a related party The loan bears interest at 1 month US LIBOR and has no fixed terms of repayment The loan is denominated in US dollars The other payable relates to management fees received by Metgold Limited on behalf of Cableair Limited

	2011 $	2010 $
Metallon Gold Zimbabwe (Private) Limited	**(3,380,218)**	(998,896)

Metallon Gold Zimbabwe (Private) Limited is a subsidiary of Metgold Limited and is therefore a related party creditor The amount payable relates to expenses paid by Metallon Gold Zimbabwe (Private) Limited on behalf of Metgold Limited

17 Post reporting date events

There was no significant post reporting date events to disclose

18 Ultimate parent company

At 30 September 2011 the Company's immediate and controlling parent Company was Redwing Mining Limited, a Company incorporated in Jersey