Metgold Limited

Group Report and Financial Statements Year

Ended

30 September 2012

Company Number 6223345

Contents

Directors

K Akosah – Bempah
A Reve
M Khumalo

Secretary and registered office

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

Company number

6223345 (England and Wales)

Auditor

Baker Tilly UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Metgold Limited
Report of the directors
for the year ended 30 September 2012

The directors present their report together with the audited financial statements for the year ended 30 September 2012

OPERATIONAL PERFORMANCE

Principal activity

The group's principal activity in the year was gold mining

Background

Metgold Limited has a subsidiary, Metallon Gold Zimbabwe (Private) Limited, located in Zimbabwe Metallon Gold Zimbabwe operates five mines within Zimbabwe The general operating and political environment in Zimbabwe was stable and calm in the period to 30 September 2012 The country's economic growth slowed to 5% at the end of 2012 compared to 9 5% in 2011 This is primarily due to adverse weather conditions on agriculture, erratic electricity supply and tight liquidity conditions As at end of September 2012, year-on-year inflation stood at 3 24% while prior year ending September 2011 it was 4 30%

The Zimbabwe economy continues to run in a multi-currency environment Lines of credit and general liquidity in the local financial services sector remain severely compromised Interest rates charged by banks worsened to between 10 1% and 31 1% In prior year, interest rates ranged from 20% to 28% The deterioration of availability of funding and excessive cost of borrowing affected business expansion and growth Capacity utilisation of businesses remained depressed If the situation continues unabated, closure of companies is imminent

Metallon Gold Zimbabwe has initiated activities to ensure compliance with indigenisation law which requires 51% of local ownership of foreign owned businesses

Group Operations

Gold production for the year ended 30 September 2012 at 88,508 ounces, was 2,044 ounces lower than prior year achievement of 90,552 ounces

Underground tonnes milled was 731,000 tonnes at an average grade of 4 09 grams per tonne compared to 662,000 tonnes at 4 67grams per tonne for prior year Metallurgical recovery for the year was 86 5% compared to 85 3% for 2011

A cash operating cost per ounce of US$1,051 was incurred during the year compared to US$931 for prior year, being 12 9% higher The increase is partly attributable to higher power tariff which was effective for only five months in 2011 and to the marginally lower production The period under review to September 2012 ran on this higher tariff Usage of electricity was also high due to increased activity at Arcturus after commissioning of a dedicated 33kv power line Tonnage increases at all mines except Shamva had an impact on power usage Water tariff increases of 64% at How mine had an adverse effect on costs Transport cost increases at Arcturus and Mazowe were as a result of increased volume Other cost increases were stores (8 9%) and repairs and renewal (8 1%) The average gold price realized was US$1,658 for the year ended 30 September 2012 compared to US$1,524 for prior period ended 30 September 2011

How Mine

The mine produced 44,911 ounces for the period to 30 September 2012 compared to 52,709 ounces for prior year Milled tonnage was 304,000 at 5 09g/t compared to 277,000 tonnes at 6 78 g/t for prior year Metallurgical recovery at 90 3% for the year was 2 8% higher than 87 5% for prior year

Machinery breakdowns, shortage of consumables and spares had a negative impact on production North shaft repairs, hoist motor breakdowns, compressor breakdowns, 22 level pillar collapses which generated boulders and power cuts (268 hours) affected production Grade dilution caused by waste material which was as a result of pillar collapses compromised grade Built-up head grade was also affected by poor sources of ore from 300N, 8N, 400N and 500N ore bodies Metallurgical recovery improvement was due to better grind which moved from 70 5% (2011) to 76 6% current year This achievement was complemented by introduction of liquid cyanide which enhanced control of cyanide dosage in leach tanks

How Mine (continued)

The cash operating cost per ounce for the year was US$624 compared to US$500 for prior year Major cost increases were on power and welfare Power increased by 17 4% due increase in tonnage hoisted and milled, while welfare cost increased by 53% due to a 64% increase in water tariffs effected by Bulawayo City Council

Arcturus Mine

Production for the year was 9,712 ounces, being 5,963 ounces above 3,749 ounces achieved in prior year Underground tonnes milled were 81,000 tonnes compared to 43,000 tonnes for prior year Built-up head grade at 3 71 grams per tonne was 1 15 grams per tonne higher than 2 56 grams per tonne achieved in prior year Metallurgical recoveries at 84 8%, was 14 2% above that achieved in 2011 Sands retreatment tonnage for the period was 96,000 tonnes compared to 66,000 tonnes for prior year Sands built-up head grade was 1 04 grams per tonne compared to 1 26 grams per tonne for 2011

The increase in production was largely due to availability of a stable power supply emanating from construction of a 33kv dedicated power line which was commissioned in June 2012 During the period under review, the mine suffered 1,766 hours of power outages compared to 2,236 hours in prior year Underground production which was suspended at the end of March 2011 as the mine ran out of ore sources, resumed during the year under review Machinery breakdowns in the milling, crushing and leach circuits were also experienced

Cash operating cost per ounce for the year was US$1,951 compared to US$3,820 for prior year Cost increases were experienced on power, transport and stores mainly as a result of increases in volume processed with improvement in power availability Labour costs increased due to overtime worked after periods of power outages as the mine tried to move tonnage before the commissioning of the new dedicated power line in June In addition, the impact of perennial equipment breakdowns, mainly secondary crushers, generated overtime thereby negatively affecting costs

Shamva Mine

Production for the year at 20,501 ounces was 2,466 ounces lower than prior year Milled tonnage was 246,000 tonnes at 3 20 grams per tonne compared to 264,000 tonnes at 3 27 grams per tonne for prior year Metallurgical recovery at 80 9% for the year was 2 0% lower than prior year

In January, underground employees went on strike for 7 days affecting production The workers were striking against illegal entry into the mine by gold panners, citing fear for their safety One illegal gold panner was shot dead, and on separate incidents a number of illegal gold panners were shot and injured whilst fighting security teams underground Theft of gold concentrate by a syndicate of plant employees and security personnel was identified, resulting in dismissal of an entire shift During the first quarter, both 9E4 and Cymric shafts were affected by flooding The situation was worsened by shortages of pumps and pump spares Breakdowns of the rod mill, shafts (due to aging shaft furniture), leach tanks, KC30 concentrator, pumps, air loaders, locomotives, granby cars, and crushers and power outages (378 hours) had an adverse effect on production The rod mill was stopped for two weeks in the second half of June, for major refurbishment which has seen better availability subsequently A new rod mill bought for US$499,000 was received in the fourth quarter and commissioning is expected by end of November 2012

Cash operating cost per ounce for the period was US$1,175 compared to US$989 for prior year Increases in cost of consumables and spares affected cost per ounce as did the lower production Non managerial employees' costs went up by 7%, while that for management went up by 5%

Redwing Mine

Production of 3,833 ounces was achieved for the year-ended 30 September 2012 being 680 ounces less than prior year Production at the mine was mainly confined to sands re-treatment due to flooding of underground workings

Redwing Mine (*continued*)

Sands re-treatment tonnes milled were 228,000 tonnes at a grade of 0 60 grams per tonne with a recovery 58 2% This was 18,000 tonnes lower than 246,000 tonnes processed in 2011 Gold content was 1 0 gram per tonne at a recovery of 55 7% for 2011 Ore from surface sources processed was 58,000 tonnes at 1 21 grams per ton at a recovery of 55 3%

Low production is attributed to depletion of the high grade lead concentrate dump and also the depression of grades achieved in the Duiker section compared to last year Major breakdowns experienced were Tube mill (405 hours), Duiker dump leach tank no 1 (70 hours) and thickeners (240 hours) The volume of water pumped from flooded underground workings was 4 08mil m^3 compared to 4 12mil m^3 for prior year The negative variance of 37,770 m^3 was attributable to inefficiencies of pumps due to wear and tear One of the borehole pumps was transferred to Arcturus Mine to assist in de-watering of the Venus workings The water level as at end of September 2012 was 9 5 metres below 6 level compared to 9 6 metres below 4 level in prior year The mine suffered 326 hours of power outages

Cash operating cost per ounce of US$1,811 was incurred during the period ended 30 September 2012 compared to US$1,752 for prior year Increases in stores, power, repairs and renewal costs were driven by increased tonnage However, overall tonnage was of lower yield compared to prior year

Mazowe Mine

Gold production for the period at 9,551 ounces was 2,937 ounces higher than prior year Milled tonnage at 100,000 tonnes was 22,000 tonnes lower than 78,000 tonnes milled in prior year Built-up-head grade was 3 56 grams per tonne compared to 3 16 grams per tonne for prior period Metallurgical recovery was 83 4% which was 0 60% higher than that achieved in prior year

Production was adversely affected by breakdowns of compressors, locomotives, crushers, KC 30 concentrator and mixers Lost time due to power outages was 486 hours, approximating 30 days of production The mine acquired two GA250 compressors, 3Ft Symons crusher and four leach tank mixers Shortages of spares and consumables were experienced during the year under review At the current rate of milling, the tailings disposal dam life is estimated at 14 months The exact position will be made known once the results of the geotechnical survey which was done are released However, the mine has budgeted to construct a new tailings dam commencing in 2013 and commissioning in 2014

A cash operating cost per ounce of US$1,575 was achieved compared to US$1,964 for prior year While cash operating cost per ounce was lower than prior year, cost increases were experienced Power costs had an element of tariff increase from US$0 105/kwhr to US$0 128/kwhr This increase was effected for only 5 months in prior year, while the whole period under review ran under this new tariff

SUMMARY OF PRODUCTION AND CASH OPERATING COST PER OUNCE

Production and cost per ounce were as stated below

Year to September 2012						
	How	**Arcturus**	**Shamva**	**Redwing**	**Mazowe**	**Total/Ave***
Underground Mining						
Ore production ('000 tonnes)	304 00	81 00	246 00	0	100 00	**731 00**
Ore grade (g/t)	5 09	3 71	3 20	0	3 56	**4.09**
Recovery (%)	90 30	84 80	80 90	0	83 4	**86.50**
Surface Mining						
Ore production ('000 tonnes)	0	106 00	0	286 00	0	**392.00**
Ore grade (g/t)	0	1 11	0	0 73	0	**0.83**
Recovery (%)	0	38 70	0	57 60	0	**50.20**
Production (ounces)	44,911	9,712	20,501	3,833	9,551	**88,508**
Cash cost per ounce (US$)	624	1,951	1,175	1,811	1,575	**1,051**
Cost/ounce increase/(decrease) %	24 8%	(48 9%)	18 8%	3 4%	(19 8%)	**(12 9%)**

Year to September 2011						
	How	**Arcturus**	**Shamva**	**Redwing**	**Mazowe**	**Total/Ave**
Underground Mining						
Ore production ('000 tonnes)	277 00	43 00	264 00	0	78 00	**662 00**
Ore grade (g/t)	6 78	2 56	3 27	0	3 16	**4.67**
Recovery (%)	87 5	70 6	82 9	0	82 8	**85.3**
Surface Mining						
Ore production ('000 tonnes)	0	81 00	0	246 00	0	**327.00**
Ore grade (g/t)	0	1 37	0	1 00	0	**1.09**
Recovery (%)	0	34 35	0	55 68	0	**49.07**
Production (ounces)	52,709	3,749	22,967	4,513	6,614	**90,552**
Cash cost per ounce (US$)	500	3,820	989	1,752	1,964	**931**
Cost/ounce increase/(decrease) %	(8 8%)	107 9%	(4 9%)	54 2%	(20 5%)	**16.0%**

* - Averages calculated on a weighted basis

ORE RESERVES AND MINERAL RESOURCES

The following tables summarise the group's Statements of Mineral Reserves and Resources This Mineral Reserves and Resources Statement is classified according to the South African Code For Reporting Of Mineral Resources And Mineral Reserves (The SAMREC Code) prepared by the South African Mineral Resource Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy

In presenting the Mineral Resources and Mineral Reserves Statements, the following points apply

- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves,
- Mineral Resources are quoted at an appropriate in-situ economic cut-off-grade with tonnages and grades based on planned minimum mining widths,
- All Mineral Resources and Mineral Reserves are quoted as at 30 September 2012,
- Unless otherwise stated all Mineral Reserves and Mineral Resources are quoted as 100% and not attributable with respect to ownership,
- All Mineral Reserves quoted in terms of Run of Mine grades and tonnage as delivered to the metallurgical processing facility and are therefore fully diluted,
- Mineral Reserve statements include only Measured and Indicated Mineral Resources modified to produce Mineral Reserves and planned for extraction in the Life of Mine Plans,
- All Mineral Resources are quoted at an in-situ cut-off based on a gold price of US$1,450/oz, and
- The 2012 Reserves and Resources declaration features an 11% decrease in declared Inferred Resources tonnage compared to September 2011 mainly due to How Mine non-existent footwall anomaly

ORE RESERVES AND MINERAL RESOURCES (continued)

Proved and Probable Reserves as at 30th September 2012

	Proved			Probable			Total		
	Tons (kt)	Grade (g/t)	Ounces 000's	Tons (kt)	Grade (g/t)	Ounces 000's	Tons (kt)	Grade (g/t)	Ounces 000's
How									
Underground	1,824	5 40	314	2,707	4 10	359	4,531	4 62	673
Surface				817	1 10	30	817	1 10	30
	1,824	5 40	314	3,524	3 40	389	5,348	4 09	703
Arcturus									
Underground Surface	204	5 97	39	217	4 92	34	421	5 43	73
	204	5 97	39	217	4 92	34	421	5 43	73
Shamva									
Underground Surface	1,267	2 86	116	4,091	2 95	387	5,358	2 93	503
	1,267	2 86	116	4,091	2 95	387	5,358	2 93	503
Redwing									
Underground Surface Conc Surface	0	0 00	0	0	0 00	0	0	0 00	0
sands	0	0 00	0	1,036	0 57	19	1,036	0 57	19
	0	0 00	0	1,036	0 57	19	1,036	0 57	19
Mazowe									
Underground Surface	116	8 13	30	105	7 27	25	221	7 72	55
	116	8 13	30	105	7 27	25	221	7 72	55
TOTAL	**3,411**	**4 58**	**499**	**8,973**	**2.95**	**854**	**12,384**	**3.40**	**1,353**

ORE RESERVES AND MINERAL RESOURCES (continued)

Measured and Indicated Resources as at 30th September 2012

	Measured			Indicated			Total		
	Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
How	(kt)	(g/t)	000's	(kt)	(g/t)	000's	(kt)	(g/t)	000's
Underground	2,032	5 30	346	2,884	4 10	384	4,916	4 60	730
Surface				817	1 10	30	817	1 10	30
	2,032	5 30	346	3,701	3 44	414	5,733	4 10	760
Arcturus									
Underground	316	6 76	69	1,904	4 92	301	2,220	5 18	370
Surface	1,377	1 08	48				1,377	1 08	48
	1,693	2 14	117	1,904	4 92	301	3,597	3 61	418
Shamva									
Underground	2,067	2 68	178	8,735	2 90	816	10,802	2 86	994
Surface 2				2,381	0 84	64	2,381	0 84	64
	2,067	2 68	178	11,116	2 46	880	13,183	2 49	1,058
Redwing									
Underground	1,929	2 28	142	7,921	3 93	1,001	9,850	3 61	1,143
Surface Conc	0	0 00	0	0	0 00	0	0	0 00	0
Surface Sands				2,927	0 35	33	2,927	0 35	33
	1,929	2 28	142	10,848	2 96	1,034	12,777	2 86	1,176
Mazowe									
Underground	517	9 14	152	789	7 14	181	1,306	7 93	333
Surface	4,812	0 80	123				4,812	0 80	123
	5,329	1 61	275	789	7 14	181	6,118	2 32	456
TOTAL	**13,050**	**2 52**	**1,058**	**28,358**	**3.08**	**2,810**	**41,408**	**2.90**	**3,868**

Inferred, Measured and Indicated Resources as at 30th September 2012

	Inferred			Measured & Indicated			Total		
	Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
How	(kt)	(g/t)	000's	(kt)	(g/t)	000's	(kt)	(g/t)	000's
Underground	5,286	3 50	590	4,916	4 60	730	10,202	4 03	1,320
Surface	3,650	1 77	205	817	1 10	30	4,467	1 65	235
	8,936	2 79	795	5,733	4 10	760	14,669	3 30	1,555
Arcturus									
Underground	3,314	5 04	537	2,220	5 18	370	5,534	5 10	907
Surface	4,115	1 72	228	1,377	1 08	48	5,492	1 56	276
	7,429	3 20	765	3,597	3 61	418	11,026	3 33	1,183
Shamva									
Underground	12,398	2 35	937	10,802	2 86	994	23,200	2 59	1,931
Surface 1									
Surface 2				2,381	0 84	64	2,381	0 84	64
	12,398	2 35	937	13,183	2 49	1,058	25,581	2 42	1,995
Redwing									
Underground	10,476	1 73	567	9,850	3 61	1,143	20,326	2 64	1,710
Surface 1				0	-	0	0	-	0
Surface 2				2,927	0 35	33	2,927	0 35	33
	10,476	1 73	567	12,777	2 86	1,176	23,253	2 35	1,743
Mazowe									
Underground	5,105	6 52	1,070	1,306	7 93	333	6,411	6 81	1,403
Surface	3,144	3 75	379	4,812	0 80	123	7,956	1 97	502
	8,249	5 46	1,449	6,118	2 32	456	14,367	4 13	1,905
TOTAL	**47,488**	**2 97**	**4,513**	**41,408**	**2 90**	**3,868**	**88,896**	**2.94**	**8,381**

Capital expenditure

Capital expenditure for the year was US$6 24m compared to US$5 14m for prior period Major expenditure was on underground development (US$422,000), underground equipment (US$499,000), surface plant and equipment (US$798,000), vehicles (US$826,000), insurance spares (US$237,000) and projects in progress (US$2 46m) Financial constraints inhibited the company's ability to capitalise operations to levels which could increase capacity utilisation

The group undertook projects at Shamva and How Mines

At Shamva, a new rod mill was acquired, main civil works have been done and installation is nearing completion Commissioning is expected before end of first quarter of next financial year

How mine projects:

- How South The group drilled 2,273 metres at How South project to generate a resource of 195,000 tonnes at 3 02 grams per tonne over 90 metre strike The narrow widths did not justify open pit mining as previously implied by modelling completed by Maptek However both trenching and drilling generated useful information to support underground exploration in this area

How mine projects (*continued*)

- Deep Drilling Project – DD940/9 that was drilled to probe the Footwall anomaly confirmed How main ore body but failed to intersect the Footwall anomaly in the projected position The last hole collared at the west end of the DD crosscut on 26 level is planned to intersect the main Ore body at 33 to 34 level elevations in support of future shaft planning

- 16N7 Shaft Deepening – This project, on completion, is expected to facilitate accessing of mining areas below 24 level Crushed ore will be hoisted from 29 level to 23 level and tipped into a transfer system leading into the North Shaft loading station The ore will then be hoisted to surface through North Shaft As at end of September 2012, the project was about 70% complete and is estimated to be commissioned before end of first of next financial year

Safety, Occupational Health and Environment (SHE)

There was one fatal accident experienced at Arcturus Mine, involving a mill attendant who was trapped by a conveyor belt tail pulley in the Sands Plant The Group remains focused in ensuring a continual reduction in accidents, despite this unfortunate accident there was a 36% drop in total accidents compared to the previous year A total of 189 accidents were recorded in 2012 compared to 296 for 2011

A total of 29 lost time accidents were recorded in 2012, compared to 25 last year The Group accident lost time injury frequency rate (LTIFR) was 3 30, compared to 2 77 recorded last year The historical fatal accidents are distributed as follows for the previous years, 0 in 2011, 1 in 2010, 0 in 2009 and 2008, 1 in 2007, 2 in 2006 and 3 in 2005

Various safety interventions aimed at addressing accident root cause(s) and enhancing safety awareness will continue to be implemented, in order to improve safety performance

The following feats were achieved during the year

- How Mine attained certification to OHSAS18001 2007 and also retained certification to ISO14001 2004

- Shamva Mine attained certification to ISO14001 2004

- Redwing Mine came first (for the second year in a row) in the national mine rescue competitions

- How Mine came first in the Bulawayo Region Chamber of Mines Safety, Health and Environmental audits

- How and Redwing Mine received regional and provincial National Social Security Authority awards for outstanding occupational safety and health performance for the calendar year 2011

Results for the year and dividends

The Group's profit for the year after taxation was $8,971,000 (2011 - $21,260,000) The directors do not recommend the payment of a dividend (2011 nil)

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 19 of the financial statements

Directors

The directors of the Company during the year were

K Akosah – Bempah	
A Reve	
M Khumalo	
R Wagner	(resigned 12 November 2012)
N Brodie	(resigned 13 August 2012)
R Havenstein	(resigned 20 October 2011)
N Bosnor	(resigned 12 October 2011)
R Robertson	(resigned 12 October 2011)
R Weinberg	(resigned 12 October 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 Group currently has net assets of $8,114,000 (2011 – net liabilities $857,000) and in addition the Group will 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 group has a net liability position of $15,401,000 after the exclusion of held to maturity investments

The group has not only re-negotiated the current overdraft facilities with the banking institutions, but have also acquired additional facilities on better terms The banking institutions have agreed to support our mining operations for the next year It is envisaged that this support will continue into the foreseeable future

Trade creditors are being serviced on a monthly basis and have been maintained at $13m post year end The group continues to have the support of creditors as the mining operations are supplied with consumables by creditors as and when required

In the next year we expect to generate trading revenue of at least $153m and a net profit of $37m from our mining operations We expect to generate total cash before capital expenditure of $23m Capital expenditure, which will be rationalised, is expected to be $10m

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 capacity and the operations 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 Group on a going concern basis

Principal risks and uncertainties

- *Adequate ore reserves and resources*

In order to access the ore body, shafts need to be sunk and the entire underground infrastructure built ahead of time This work is generically referred to as 'development' and requires considerable capital investment to access ore reserves, the quality of which is based on geological estimates There is therefore risk associated with the variability in any ore body and while we have significant experience of our ore body, there is no absolute assurance that we will not encounter variability in future These risks also apply when the Group acquires resources The Group's reserve estimates take into account actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as gold price As a control, the Group undertakes an annual audit of ore reserves by a competent person working to globally accepted standards, with independent confirmation occurring in every alternate year These factors could result in reductions in its ore reserve and resource estimates which could impact on our life of mine plans and consequently on the net present value of the Group

- *Market conditions commodity price*

The market price for gold can fluctuate widely, from the impact of both the normal supply and demand factors Therefore, there is a risk that the price of gold may fall and that speculation may accentuate this trend The price of gold may also be affected by various other uncertain market factors such as financial market expectations regarding interest rates and movements in the relative worth of currencies

- *Legislative and regulatory risk*

The group is subject to a variety of local industry-specific laws and regulations If these laws and regulations were to change and material additional expenditure were required to comply with such new laws and regulations, it could adversely affect the Group's performance and its financial condition

- *Risks of cost inflation*

There is a risk that the Group will not be able to implement chosen strategies either successfully or quickly enough and as a consequence will suffer cost inflation in absolute terms and consequent margin erosion, leading to a reduction in its net present value

Key performance indicators

The board considers the following to be key performance indicators

Key performance Indicators	***Measure***
Gold price realised	Gold revenue at spot price less realisation & royalty costs divided by the ounces produced in a period
Cash operating cost per ounce	The total operating cost divided by the ounces produced in a period
Ounce per employee	The total number of ounces in a period divided by the number of employees that produced those ounces
Cost per tonne	Costs incurred in processing a tonne of ore
Development meters	Meters advanced in a period (measured per month)

Future developments

In order maintain and later improve on profitability the group is embarking on exploration with a focus on surface mining projects where the costs of production are relatively lower The group is also actively cutting costs and rationalising future capital expenditure

Payment policy

The group does not follow a published code or standard on payment practice Its policy is to fix terms of payment with each supplier in accordance with its requirements and financial procedures The group ensures that suppliers are aware of those terms and abides by them subject to the resolution of any disagreement regarding the supply The terms agreed with suppliers are normally for payment within 30 days of their invoice date Trade creditors of Metgold subsidiary Metallon Gold Zimbabwe (Private) Limited at 30 September 2012 were $13,301,000 which represent 170 days (2011 $11,598,000 – 171 days) The Company itself has no trade creditors

Disclosure of information to auditor

The directors who were in office on the date of the approval of these financial statements have confirmed that,

- as far as they are aware there is no relevant audit information of which the auditor is unaware
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and company financial statements for each financial year The directors have elected under company law to prepare the group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

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 group and of the profit or loss of the group for that period

In preparing the group 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 IFRS as adopted by the EU,
- 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 group and enable them to ensure that the financial statements with the requirements of the Companies Act 2006 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditor

Baker Tilly UK Audit LLP have been appointed as auditor of Metgold Limited on 13 June 2013 and have indicated their willingness to continue in office

Approved by the Board of Directors on 30 August 2013 and signed on its behalf by

Kwaku Akosah – Bempah
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METGOLD LIMITED

We have audited the group and parent company financial statements ("the financial statements") on pages 16 to 45 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

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 auditor
As more fully explained in the Directors' Responsibilities Statement set out on page 13 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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http //www frc org uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010) aspx

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2012 and of the group and the parent company profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Reserve Bank of Zimbabwe Gold Backed Bonds
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 15 of the financial statements concerning the Reserve Bank of Zimbabwe Gold Backed Bonds which were due to mature on 2 August 2013 On 5 August 2013 the Bonds were rolled over by the Reserve Bank of Zimbabwe to 4 August 2014 The ability of the group to redeem these bonds cannot presently be determined and no provision for impairment has been made in the financial statements

Opinion on other matter prescribed by the Companies Act 2006
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

Baker Tilly UK Audit LLP

Paul Watts (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 August 2013

Metgold Limited

Group statement of comprehensive income
For the year ended 30 September 2012

	Note	2012 $'000	2011 $'000
Revenue	3	**147,154**	138,600
Cost of Sales		**(107,616)**	(94,104)
Gross profit		**39,538**	44,496
Other operating income		**505**	151
Administrative expenses		**(15,116)**	(11,799)
Management fees paid	4	**(1,981)**	(1,863)
Other operating expenses		**(1,420)**	(1,235)
Profit from operations	5	**21,526**	29,750
Finance costs	8	**(8,114)**	(6,565)
Finance income	8	**1,698**	1,496
Profit before taxation		**15,110**	24,681
Income tax expense	9	**(6,139)**	(3,421)
Profit after tax and comprehensive income for the year attributable to owners of the parent		**8,971**	21,260

All amounts relate to continuing activities

The notes on pages 24 to 45 are an integral part of these consolidated financial statements

Metgold Limited
Company statement of comprehensive income
For the year ended 30 September 2012

	Note	2012 $'000	2011 $'000
Revenue	3	**27,935**	2,760
Management fee paid		**(1,982)**	(1,863)
Gross profit		**25,953**	897
Administrative expenses		**(1,927)**	(3,038)
Profit / (loss) from operations	5	**24,026**	(2,141)
Finance expense	8	**(31)**	(28)
Profit / (loss) before taxation		**23,995**	(2,169)
Income tax expense	9	**(1,544)**	(276)
Profit / (loss) after taxation and total comprehensive income / (loss) for the year		**22,451**	(2,445)

All amounts relate to continuing activities

The notes on page 24 to 45 form part of these financial statements

Metgold Limited

Consolidated statement of financial position
as at 30 September 2012

ASSETS	Note	2012 $'000	2012 $'000	2011 $'000	2011 $'000
Non – current assets					
Plant, Property and Equipment	10	**26,136**		23,116	
Intangible asset	11	**1,000**		1,000	
Investment in Joint Venture	12	-		87	
			27,136		24,203
Current assets					
Inventories	13	**8,410**		11,004	
Trade and other receivables	14	**42,262**		27,242	
Held to maturity investments	15	**21,958**		20,303	
Cash and cash equivalents		**4,039**		3,490	
			76,669		62,039
Total Assets			**103,805**		86,242
LIABILITIES					
Non – current liabilities					
Provision for rehabilitation cost	17		**7,686**		6,985
Loan from related party	18		**12,908**		12,878
Deferred tax	19		**4,985**		4,298
Current Liabilities					
Trade and other payables	16		**43,324**		35,041
Taxation			**3,007**		1,600
Short term loans	20		**23,781**		26,297
Total liabilities			**95,691**		87,099
Total net assets / (liabilities)			**8,114**		(857)
Equity attributable to owners of the parent					
Share capital	21	-		-	
Retained Deficit		**7,750**		(26,221)	
Other Reserves		**364**		25,364	
			8,114		(857)
Total Equity			**8,114**		(857)

The financial statements were approved and authorised by the Board of Directors on 30 August 2013 and signed on its behalf by

Kwaku Akosah-Bempah
Director

The notes on page 24 to 45 form part of these financial statements

Metgold Limited
Company statement of financial position
as at 30 September 2012

Company number 6223345

ASSETS	Note	2012 $'000	2012 $'000	2011 $'000	2011 $'000
Non – current assets					
Investment in subsidiary		11,954		11,954	
			11,954		11,954
Current assets					
Trade and other receivables	14	20,311		794	
			20,311		794
Total Assets			32,265		12,748
LIABILITIES					
Non – current liabilities					
Loan from related party	17		12,908		12,878
Current Liabilities					
Trade and other payables	15		567		3,531
Total liabilities			13,475		16,409
Total net assets / (liabilities)			18,790		(3,661)
CAPITAL AND RESERVES					
Share capital	21	-		-	
Retained Earnings / (Deficit)		18,790		(3,661)	
			18,790		(3,661)
Total Equity			18,790		(3,661)

The financial statements were approved and authorised by the Board of Directors on 30 August 2013 and signed on its behalf by

Kwaku Akosah-Bempah
Director

The notes on page 24 to 45 form part of these financial statements

Metgold Limited

Consolidated statement of changes in equity
for the year ended 30 September 2012

Attributable to owners of the parent	**Share Capital**	**Other Reserves**	**Retained Deficit**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Closing balance 30 September 2010	-	25,364	(47,481)	(22,117)
Total comprehensive Income for the year	-	-	21,260	21,260
Balance as at 30 September 2011	-	25,364	(26,221)	(857)
Transfer of NDR to Retained Earnings	-	(25,000)	25,000	-
Total comprehensive income for the year	-	-	8,971	8,971
Balance as at 30 September 2012	-	**364**	**7,750**	**8,114**

The notes on page 24 to 45 form part of these financial statements

Metgold Limited

Company statement of changes in equity
For the year ended 30 September 2012

	Share Capital	Retained Deficit	Total
	$'000	$'000	$'000
Closing balance 30 September 2010	-	(1,216)	(1,216)
Total comprehensive loss for the year	-	(2,445)	(2,445)
Closing balance 30 September 2011	-	(3,661)	(3,661)
Total comprehensive profit for the year	-	22,451	22,451
Closing balance 30 September 2012	-	**18,790**	**18,790**

The notes on page 24 to 45 form part of these financial statements

Metgold Limited
Consolidated statement of cash flow
for the period to 30 September 2012

	2012 $'000	2011 $'000
Cash flows from operating activities		
Profit before taxation	**21,526**	29,750
Adjustments for		
- Finance income	**42**	250
- Finance expense	**(8,079)**	(6,537)
- Depreciation	**2,079**	1,869
- Increase in rehabilitation provision	**700**	597
- Amortisation of Intangible asset	**87**	-
- Loss on disposal of plant and equipment	**1,133**	1,362
Cash flows from operating activities before changes in working capital and provisions	**17,488**	27,291
Decrease / (increase) in inventories	**2,594**	(1,599)
Increase in receivables	**(15,020)**	(9,235)
Increase / (decrease) in payables	**8,283**	(2,348)
	13,345	14,109
Taxes paid		
Zimbabwe income tax & withholding tax paid	**(4,047)**	(276)
	9,298	13,833
Net cash flow from investing activities		
Purchases of property, plant and equipment	**(6,236)**	(5,143)
Proceeds from sale of property, plant and equipment	**3**	19
	3,065	8,709
Net cash flow from financing activities		
Repayment of borrowings	**(2,516)**	(5,891)
Increase in cash and cash equivalents	**549**	2,818
Cash and cash equivalents at the beginning of the year	**3,490**	672
Cash and cash equivalents at the end of the year	**4,039**	3,490

The notes on page 24 to 45 form part of these financial statements

Metgold Limited

Company statement of cash flows
for the period to 30 September 2012

	2012 $'000	2011 $'000
Cash flows from operating activities		
Profit / (Loss) before taxation	**23,995**	(2,169)
Cash flows from operating activities before changes in working capital and provisions	**23,995**	(2,169)
(Increase) / Decrease in receivables	**(19,091)**	28
(Decrease) / Increase in payables	**(3,360)**	2,417
	1,544	276
Withholding tax paid	**(1,544)**	(276)
Change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The notes on page 24 to 45 form part of these financial statements

1 Accounting policies

Metgold Limited is a private company incorporated and domiciled in England and Wales

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

Basis of preparation

The consolidated financial statements of Metgold Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRIC interpretations The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgment in the process of applying the group's accounting policies The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1 10

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 Group currently has net assets of $8,114,000 (2011 – net liabilities $581,000) and in addition the Group will 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 group has a net liability position of $15,401,000 after the exclusion of held to maturity investments

The Group has not only re-negotiated the current overdraft facilities with the banking institutions, but have also acquired additional facilities The banking institutions have agreed to support our mining operations for the next year It is envisaged that this support will continue into the foreseeable future

Trade creditors are being serviced on a monthly basis and have been maintained at $13m post year end The group continues to have the support of creditors as the mining operations are supplied with consumables by creditors as and when they are required

In the next year we expect to generate trading revenue of at least $153m and a net profit of $37m from our mining operations We expect to generate total cash before capital expenditure of $23m Capital expenditure, which will be rationalised, is expected to be $10m

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 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 Group on a going concern basis

1 Accounting policies *(continued)*

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

Given below are all standards and amendments issued and are effective for the 2012 accounting period

Standard		**Effective date**
IFRS 1	First time Adoption of IFRS – Amendment Severe Hyperinflation and Removal of Fixed Assets	1 July 2011
IAS 12	Deferred tax recovery of underlying assets	1 January 2012
IAS 1	Presentation of items of other comprehensive income	1 July 2012

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

Standard		**Effective date**
IAS 19	Employee Benefits – Amendments	1 January 2013
IFRS1	First – time Adoption of IFRS – Amendments , Government Loans	1 January 2013
IFRS 7	Financial Instrument – Disclosure Amendments, Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 32	Financial Instruments – Presentation Amendment Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 27 (Amended 2011)	Separate financial statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
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
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013
Annual Improvements to IFRS	IFRS 1 (First time Adoption), IAS 1, IAS 16, IAS 32, IAS 34	1 January 2013
IAS 27	Separate Financial Statement – Amendment, Investment Entities	1 January 2014*
IFRS 10, and IFRS 12	Consolidated Financial Statements, and Disclosure of Interests in Other Entities Transition Guidance	1 January 2014
IFRS 9	Financial instruments	1 January 2015*

* Not yet endorsed by the EU

1 Accounting policies *(continued)*

1 1 Basis of consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity

Subsidiaries are fully consolidated from the date on which control is transferred to the group They are de-consolidated from the date that control ceases

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group

1 2 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost Cost includes expenditures that are directly attributable to the acquisition of the asset The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets into a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment Capital work-in-progress is stated at cost and not depreciated Depreciation on capital work-in-progress commences when the assets are ready for their intended use

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably The carrying amount of the replaced part is derecognised The costs of the day-to-day servicing of the vehicles and equipment are recognised in the income statement as incurred

Subsequent to initial recognition property, plant and equipment is measured at cost less accumulated depreciation and impairment losses

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment

The estimated useful lives for the current and comparative periods are as follows

Plant & Equipment	10 – 20 years
Buildings	10 – 20 years
Mining assets	10 – 20 years
Motor vehicles	5 years
Furniture and fittings	5 – 10 years

Depreciation methods, useful lives and residual values are re-assessed for appropriateness at each reporting date and adjusted if necessary

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated Impairment loss is recognised directly through the income statement when the carrying amounts of the assets exceed the fair values of the respective assets

1 Accounting policies *(continued)*

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from use or disposal The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognised in other income in the income statement

1 3 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

1 4 Inventories

Inventories are initially recognised at cost Subsequently they are measured at the lower of cost and net realisable value Cost is determined on the weighted average basis Net realisable value is the estimated selling price in the ordinary course of business less any costs of disposal

1 5 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

1 6 Exploration expenditure

Exploration expenditure which meets the asset recognition criteria is capitalised and amortised over the life of the mine All other exploration expenditure is recognised through the income statement as an expense in the period in which it is incurred In the event that in subsequent periods exploration activities whose expenditure was previously expensed results in bankable ore reserves, such costs are reversed and capitalised less the amortisation costs that would have been recognised if the costs had not been expensed

1 Accounting policies *(continued)*

1 6 Exploration expenditure (cont)

Exploration expenditure for each exploration licence are carried forward, until the existence (or otherwise) of commercial reserves are determined If commercial reserves have been discovered, the related exploration assets are assessed for impairment on an individual licence or cost pool basis, as appropriate, and the carrying value, after any impairment loss, is then reclassified to property plant and equipment

1 7 Revenue recognition

1 7 1 Gold and silver sales

Revenue is derived from gold and silver sales and is recognised when the ownership has transferred to the buyer at the price ruling on the date of the transaction, and is stated gross of royalties

1 7 2 Interest income

Interest is recognised on a time proportionate basis, by reference to the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company

1 7 3 Dividend paid

Dividends are recognised when they become legally payable In the case of interim dividends to equity shareholders, this is when declared by the directors In the case of final dividends, this is when approved by the shareholders at the annual general meeting

1 8 Cost of sales

Cost of sales includes mine working costs, bullion transportation costs, concentrates and bullion refinery charges and depreciation of property, plant and equipment involved in the extraction of gold

1 9 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired

(i) Held to maturity assets

These assets are financial assets with a fixed or determinable payment and fixed maturity and the company has the intent and ability to hold to maturity These include gold backed bonds Financial assets classified as held to maturity by the company are carried at amortised cost using the effective interest method less any provision for impairment

(ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise principally through the provision of services to customers They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment

1 9 1 De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership Gains and losses are recognised in profit or loss when the financial assets are derecognized or impaired, as well as through the amortisation process

1 **Accounting policies** *(continued)*

1 9 2 Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements

1 9 3 Impairment of non – financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment i e intangible assets Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash-generating units) In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset Impairment losses are recognised in the profit or loss When an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash generating unit) in prior years

A reversal of the impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve

1 9 4 Financial liabilities at amortised cost

Other financial liabilities include bank borrowings and trade and other payables Bank borrowings are initially 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 period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position Interest expense in this context includes initial transaction costs and other payable on maturity, as well as any interest or coupon payable while the liability is outstanding

1 9 5 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date All differences are taken the income statement Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the date of the initial transactions

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income

1 **Accounting policies** *(continued)*

1 10 Income tax

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss, and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry- forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except "where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss, and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred income tax assets at each reporting date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised

Unrecognised deferred income tax assets are reassessed at reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date Income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority Deferred capital gains tax arises on the revalued property, plant and equipment The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the reporting date, except when it relates to items charged or credited directly to equity

1 Accounting policies *(continued)*

1 10 Critical Judgements in applying the Group's accounting policies

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures Use of available information and the application of judgment are inherent in the formation of estimates Actual results in the future could differ from these estimates which may be material to the financial statements Significant judgments include

(a) Impairment of financial assets
The company assesses its financial assets for impairment at each reporting date In determining whether an impairment loss should be recorded in profit and loss, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset

(b) Impairment of property, plant and equipment
Property, plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'

In determining value in use, future cash flows are based on estimates of the quantities of economically recoverable ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, future production levels, future commodity prices and future cash costs of production Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results

(c) Life of mines

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves could impact on depreciation and amortisation rates, asset carrying values and provision for rehabilitation costs

(d) Provision for rehabilitation costs

The company records the present value of the estimated cost of restoring operating locations in the period in which the obligation arises, which is typically at the commencement of production The nature of restoration activities includes the removal of facilities, abandonment of mine sites and rehabilitation of the affected areas The application of this policy necessarily requires judgmental estimates and assumptions regarding the date of abandonment, future environmental legislation, the engineering methodology adopted, future technologies to be used and the asset specific discount rates used to determine the present values of these cash flows

1 11 *Interest expense on loan from related party*

The loan from related party (note 18) does not bear any fixed repayment terms The loan bears interest at 1 month US Dollar 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 Group significantly

1 Accounting policies *(continued)*

1 12 Pension contributions

All permanent employees of the subsidiary company are members of defined contribution plans administered by either the national industrial council of the mining industry of Zimbabwe or the Old Mutual Staff Pension Fund Contributions are at the rate of 12% and 16% of pensionable emoluments of which employees pay 5% and 6 5% respectively

1 13 Sterling Exchange Rate

The Group's functional currency is US Dollars The US$ - Sterling exchange rate as at 30 September 2012 was US$1 6164/£ (2011 US$1 5625/£)

2 Operating segments

In the opinion of the directors, the Group operates in one business segment based in Zimbabwe 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 board of Directors

Revenues from Rand Refinery (Pty) Limited of South Africa represent 100% of the group's total revenue

3 Revenue

	Group 2012 $'000	Group 2011 $'000	**Company 2012 $'000**	Company 2011 $'000
Gold Sales	**147,014**	138,020	-	-
Silver Sales	**140**	580	-	-
Management fees	-	-	**2,935**	2,760
Dividend received	-	-	**25,000**	-
	147,154	138,600	**27,935**	2,760

4 Management fees paid

	Group &Company 2012	Group & Company 2011
	$'000	$'000
Management fees paid	**1,981**	1,863

On 1 October 2011, MetGold Limited entered into an agreement with Redwing Mining Limited incorporated in Jersey

In this agreement Redwing Mining 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

As compensation for these management and technical services, Redwing Mining Limited is entitled to charge a fee which is 75% of the annual revenue of MetGold Limited from management fees The management fee payable in 2012 in terms of this agreement was $1,981,248 (2011 - $1,863,267) See related party disclosures in Note 23

5 Profit from operations is stated after charging:

	Group	Group	Company	Company
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Audit fee	**200**	194	**75**	37
Consulting fees	**48**	488	**48**	488
Staff costs (see note 7)	**43,190**	38,035	**1,388**	2,422
Depreciation charge	**2,079**	1,869	-	-
Movement in Rehabilitation provision	**701**	597	-	-
Exploration costs expensed	**1,286**	303	-	-
Loss on disposal of assets	**47**	931	-	-
Investment in joint venture write off	**87**	-	-	-

Audit services	Group	Group	Group	Group
	2012	2012	**2012**	2011
	$'000	$'000	**$'000**	$'000
Statutory audit fees for Baker Tilly UK Audit LLP for parent and consolidated financial statements	75	-	75	-

6 Directors emoluments

	Group & Company 2012	Group & Company 2011
	$'000	$'000
Emoluments	**744**	1,100
Pension costs	**119**	115
	863	1,215

The highest paid director in the year received remuneration totalling $863,000 (2011 $1,070,000) There was 1 director to whom pension contributions were made

7 Staff costs

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Staff costs (include directors emoluments) comprise				
Wages and salaries	**40,744**	35,600	**1,181**	2,167
Pension costs	**2,446**	2,435	**207**	255
	43,190	38,035	**1,388**	2,422

There were 3,770 employees (including four directors) in the current year (2011 – 3,760), analysed as follows,

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Administration	**64**	65	**8**	9
Operational	**3,706**	3,695	**-**	-
	3,770	3,760	**8**	9

8 Net finance expense

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Finance income				
Interest received on held to maturity investments	**(1,698)**	(1,496)	**-**	-
Finance expense				
Interest on loan from related party	**30**	28	**30**	28
Bank interest payable	**8,079**	6,537	**-**	-
Unrealised exchange losses	**5**	-	**1**	-
	6,416	5,069	**31**	28

9 Taxation expense

	Group 2012 $'000	Group 2011 $'000	**Company 2012 $'000**	Company 2011 $'000
Current tax	**3,908**	1,601	-	-
Deferred tax	**687**	1,544	-	-
Withholding tax	**1,544**	276	**1,544**	276
	6,139	3,421	**1,544**	276

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

	Group 2012 $'000	Group 2011 $'000	**Company 2012 $'000**	Company 2011 $'000
Profit / (Loss) before taxation	**15,110**	24,681	**23,995**	(2,169)
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2011 - 26%)	**3,778**	6,417	**5,999**	(564)
Withholding tax	**1,544**	276	**1,544**	276
Withholding tax on dividend income	-	-	**(6,500)**	-
Tax effect of utilisation of tax losses not previously recognised	**219**	564	**501**	564
Tax effect of expenses that are not deductible in determining taxable profit	**447**	63	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**151**	(31)	-	-
Utilisation of tax losses	-	(195)	-	-
Other	-	(3,673)	-	-
	6,139	3,421	**1,544**	276

10 Property, Plant and Equipment

	Mining Assets US$'000	Land & Buildings US$'000	Plant & Equipment US$'000	Fittings & Motor vehicles US$'000	Capital work in progress US$'000	Total US$'000
Net carrying amount at 30 September 2010	**3,044**	**860**	**9,553**	**347**	**4,657**	**18,461**
Gross carrying amount- cost	**17,338**	**4,850**	**31,839**	**3,551**	**4,657**	**62,235**
Accumulated depreciation	**(14,294)**	**(3,990)**	**(22,286)**	**(3,204)**	**-**	**(43,774)**
Additions	535	-	4,022	294	292	**5,143**
Depreciation charge	(284)	(57)	(1,394)	(134)	-	**(1,869)**
Impairment loss	-	-	-	-	(431)	**(431)**
Decommissioning costs	-	-	2,762	-	-	**2,762**
Transfers from work in progress	-	-	1,051	-	(1,051)	**-**
Disposals	-	-	(881)	(69)	-	**(950)**
Cost/valuation	-	-	(881)	(204)	-	**(1,085)**
Accumulated depreciation	-	-	-	135	-	**135**
Net carrying amount at 30 September 2011	**3,295**	**803**	**15,113**	**438**	**3,467**	**23,116**
Gross carrying amount- cost	**17,873**	**4,850**	**38,793**	**3,641**	**3,898**	**69,055**
Accumulated depreciation	**(14,578)**	**(4,047)**	**(23,680)**	**(3,203)**	**(431)**	**(45,939)**
Additions	625	20	2,401	878	2,312	**6,236**
Depreciation charge	(395)	(63)	(1,381)	(240)	-	**(2,079)**
Transfers from work in progress	562	84	134	-	(780)	**-**
Disposals	-	-	(1,137)	-	-	**(1,137)**
Cost/valuation	-	-	(1,137)	-	-	**(1,137)**
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount at 30 September 2012	**4,087**	**844**	**15,130**	**1,076**	**4,999**	**26,136**
Gross carrying amount- cost	**19,060**	**4,954**	**40,191**	**4,519**	**5,430**	**74,154**
Accumulated depreciation	**(14,973)**	**(4,110)**	**(25,061)**	**(3,443)**	**(431)**	**(48,018)**

Movable assets with a carrying amount of $16 million were pledged as security over the ZB Bank Limited facility All other assets were pledged as security over the AFRASIA Kingdom Zimbabwe Limited facility See note 20 for facility details The company does not have any property, plant & equipment for the period under review or in the prior year

11 Intangible Assets

	Group 2012 $'000	Group 2011 $'000
Carrying amount at 30 September	**1,000**	1,000

Intangible assets represent mineral rights that were purchased from Oleaster Investments in 2003 No amortisation has been charged since mining has not started on the claim The company does not have any Intangible assets for 2012 and 2011

12 Investment in joint venture

	Group 2012 $'000	Group 2011 $'000
Carrying amount at 30 September	-	87

The company is a signatory to a joint venture agreement with Mandorin Gold Fields Incorporated A company named Sediment Mining (Private) Limited was incorporated to provide a vehicle for the joint venture agreement in which Metallon Gold Zimbabwe (Private) Limited has a 51% interest The joint venture was dormant during this and the last financial period The impairment was recognised as the joint venture no longer holds its claims

13 Inventories

	Group 2012 $'000	Group 2011 $'000
Finished goods	**8,410**	11,004

- Amount of inventories recognised as an expense in the period amount to $107,616,000 (2011 $94,104,000)

The company does not have any inventories for 2012 and 2011

14 Trade and other receivable

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade	**6,911**	8,401	-	-
Other	**34,361**	18,424	-	-
Provision for doubtful debts	-	(7,717)	-	-
Due from related party	**990**	8,134	**20,311**	794
	42,262	27,242	**20,311**	794

15 Held to maturity investments

	Group 2012 $'000	Group 2011 $'000
Opening balance	**20,303**	19,058
Interest accrued	**1,655**	1,245
Closing balance	**21,958**	20,303

These are Gold Backed Bonds issued by the Reserve Bank of Zimbabwe The bonds are carried at amortised cost and accrue interest at 8% per annum Gold bonds amounting to US$10 million were pledged as security over a BancABC Limited facility as explain in Note 20 The group does not consider the investment impaired as it is expected that the bonds will be paid The Reserve Bank of Zimbabwe Gold Backed bonds were due to mature on 2 August 2013 but have been rolled over by the Reserve Bank of Zimbabwe to 4 August 2014

16 Trade and other Payables

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade payables	**13,303**	11,598	**-**	-
Other payables	**29,496**	23,308	**42**	16
Accruals	**99**	135	**99**	135
Due to related parties	**426**	-	**426**	3,380
	43,324	35,041	**567**	3,531

17 Provision for Rehabilitation costs

	Group 2012 $'000	Group 2011 $'000
Opening Balance	**6,985**	3,626
Decommissioning costs of plant and equipment	**-**	2,762
Movement in provision	**701**	597
Closing Balance	**7,686**	6,985

This is a provision for costs which are going to be incurred on decommissioning plant and equipment as well as restoring the environment The company does not have any provisions for rehabilitation costs for 2012 and 2011

18 Non – current payables

	Group 2012 $'000	Group 2011 $'000
Loan from related party	**11,954**	11,954
Other	**954**	924
	12,908	12,878

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 The company does not have any non-current payables for 2012 and 2011

19 Deferred tax

	Group 2012 $'000	Group 2011 $'000
Provision for rehabilitation cost	**(1,979)**	(1,799)
Accelerated capital allowances	**6,964**	6,097
Deferred tax liabilities	**4,985**	4,298
Reconciliation		
At 1 October	**4,298**	2,754
Income statement charge at 30 September	**687**	1,544
	4,985	4,298

The company does not have any deferred tax liabilities or assets for 2012 and 2011

20 Short term borrowings

	Group 2012 $'000	Group 2011 $'000
BancABC Limited	**14,653**	14,453
ZB Bank Limited	**9,128**	10,838
AFRASIA Kingdom Zimbabwe Limited	-	1,006
	23,781	26,297

BancABC Limited

These are banker s acceptances with a tenor of 90 days and an option to roll over The facility is secured by an unregistered pledge over gold bonds amounting to US$7 5million and accrues interest at rates ranging from 10 1% to 31 1% per annum

ZB Bank Limited

These are bankers' acceptances with a tenor of 90 days with option to roll over and accrue interest at 18% per annum The facility is secured by a Notarial General Covering Bond for US$5million over the company`s movable assets and a cession of book debts

The company has no short term borrowings

21 Financial instruments

In common with all other businesses, the Group 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 Group, 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 2012 $'000	Loans and Receivables 2011 $'000	**Financial liabilities measured at Amortised cost 2012 $'000**	Financial liabilities measured at Amortised cost 2011 $'000
Current financial assets				
Trade receivables	**6,911**	8,401	-	-
Receivables from related party	**990**	8,134	-	-
Held to maturity investments	**21,958**	20,303		
Other	**34,361**	10,707	-	-
Current financial liabilities				
Trade payables	-	-	**13,303**	11,598
Payables to related party	-	-	**426**	-
Accruals			**99**	135
Other payables	-	-	**29,496**	23,308
Non – Current liabilities				
Loan from related party	-	-	**12,908**	12,878
Short term borrowings			**23,781**	26,297
	64,220	47,545	**80,013**	73,940

General objectives, policies and procedures

The Board of Directors have overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function The group's management also review the risk management policies and processes and report their finding to the board

General objectives, policies and procedures (*continued*)

Market risk
The revenues of the group are primarily derived from the sale of gold and, to a lesser extent, silver The company's current policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements The market prices for these commodities fluctuate widely These fluctuations are caused by numerous factors beyond the company's control For example, the market price of gold may change for a variety of reasons, including

- speculative positions taken by investors or traders in gold,
- monetary policies announced or implemented by central banks, including the US Federal Reserve,
- changes in the demand for gold as an investment or as a result of leasing arrangements,
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions,

During the year the average gold price realised was $1,658/oz (2011 $1,524) at the production of 88,508 ounces (2011 90,552) a $100/oz (6%) drop in the gold price would have resulted in a drop in the net profit before tax for the year of $8,850,800 (2011 $9,055,200)

Interest rate risk
The group manages the interest rate risk associated with the group's cash assets by ensuring that interest rates are as favourable as possible The interest bearing liability in the group is the loan from banking institutions The average interest rate on the loan during the year was 34% (2011 - 25%) If interest rates had been 0 5% higher during the year, profit for the year would have decreased and net assets decreased by $125,445 (2011 - $168,735)

Currency risk
Foreign exchange risk arises because the Group 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 Group'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 Group that are not denominated in the operating ('functional') currency of the operating unit involved

	Financial Assets 2012 $'000	Financial Assets 2011 $'000	**Financial Liabilities 2012 $'000**	Financial Liabilities 2011 $'000
British Pounds	-	-	**75**	151
US Dollars	**40,470**	47,545	**79,368**	73,789
	40,470	47,545	**79,443**	73,940

The foreign currency exposures disclosed above arise in the UK only The Group'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 Group'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 $6,456 (2011 - $15,090)

General objectives, policies and procedures (*continued*)

Liquidity risk
This is the risk of insufficient liquid funds being available to cover commitments Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions Adequate banking facilities are maintained Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates The table below summarises the maturity profile of the group's financial liabilities at 30 September 2012

	Up to 3 months 2012	**Between 3 and 12 months 2012**	Up to 3 months 2011	Between 3 and 12 months 2011
	US$'000	**US$'000**	US$'000	US$'000
Trade and other payable	**38,052**	-	34,614	-
Short term borrowings	**23,781**	-	26,297	-
	61,833	-	60,911	-

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

	2012	2011
	US$'000	US$'000
Neither past due nor individually impaired	**40,044**	47,545
Past due but not individually impaired	-	-
Individually impaired	-	-
	40,044	47,545

The credit quality of receivables that are neither past due nor individually impaired is satisfactory It is expected that the assets will be recovered in full

Capital
The Group considers its capital to comprise its ordinary share capital and retained deficit In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs

22 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

23 Related party transactions

Balances

Entity	Relationship	Receivables 2012 $'000	Receivables 2011 $'000	Payables 2012 $'000	Payables 2011 $'000
Metallon Corporation (Pty) Limited – South Africa	1	-	7,717	-	-
Hurrican Ivan	2	**990**	-	-	-
African Harvest Alternative Investment Holdings	3	-	1,730	-	-
Redwing Mining Limited	4	-	377	**(426)**	-
Cableair Limited (Detailed Below)	5	-	-	**(12,908)**	(12,878)

Payable to related party	2012 $'000	2011 $'000
Cableair Limited		
Loan	**11,954**	11,954
Interest payable on loan	**570**	540
Other payable	**384**	384
	12,908	12,878

23 Related party transactions (*continued*)

1 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 (2012 $nil, 2011 7,717,000) No balances were outstanding at the year-end (2011 $7,717,000)

2 Hurrican Ivan is a Company under common control and is therefore a related party The receivable relates to advances made to Hurican Ivan to meet its expenses totalling $990,000 (2011 $nil) The balances outstanding at the year-end is $990,000 (2011 $nil)

3 African Harvest Alternative Investment Holdings is a Company under common control and is therefore a related party The receivable relates to advances made to African Harvest to meet its expenses of $nil (2011 $1,730,000) No balances were outstanding at the year-end (2011 $1,730,000)

4 Redwing Mining Limited is a Company under common control and is therefore a related party The receivable relates to advances made to / from Redwing to meet its expenses totalling $803,249 (2011 expenses of Redwing of $377,000) The balances payable at the year-end is $426,000 (2011 receivable of $377,000)

5 Cableair Limited is a company under common control and is therefore a related party The loan bears interest at 1 month US Dollar 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 Details of transactions and balances are noted above

24 Post reporting date events

There were no significant post reporting date events to disclose

25 Ultimate parent company

At 30 September 2012 the Company's immediate and controlling parent Company was Redwing Mining Limited, a company incorporated in Jersey Details of the company's subsidiaries at 30 September 2012 are in note 26

26 Investment in Subsidiaries

Name of subsidiary	Place of incorporation	Ownership interest %	Proportion of voting power held %	Principal activity
Metallon Gold Zimbabwe (Private) Limited	Zimbabwe	100	100	Gold mining
Independence Gold Mining Zimbabwe (Privated) Limited	Zimbabwe	100	100	Dormant
Metallon Exploration Zimbabwe (Private) Limited	Zimbabwe	100	100	Dormant
Midwinter Consolidation Mines (Private) Limited	Zimbabwe	100	100	Dormant
Real Enterprise (Private) Limited	Zimbabwe	100	100	Dormant
Kilvo Investments (Private) Limited	Zimbabwe	100	100	Dormant
W Spenser (Private) Limited	Zimbabwe	100	100	Dormant
Arcturus Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
How Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Jumbo consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Redwing Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Cymric Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant

All the above subsidiaries, with the exception of Metallon Gold Zimbabwe, were dormant during the year and there was no change in percentage holding from prior year Metallon Gold Zimbabwe carrying amount is as follows,

	2012 $'000	2011 $'000
At 1 October	**11,954**	11,954
Additions	-	-
Disposals	-	-
Impairment	-	-
At 30 September	**11,954**	11,954

Investments in subsidiaries are accounted for at historical cost less provision for impairment, which is the fair value of consideration paid

27 Capital commitments

The following were capital commitments contracted for as at the reporting date

	Authorised		Authorised	
	Contracted 2012 US$'000	Not Contracted 2012 US$'000	Contracted 2012 US$'000	Not Contracted 2012 US$'000
How mine	937	-	-	-

The capital commitments will be financed from borrowings and internally generated resources

28 Post-Employment Benefits

28 1 Defined contribution plan

All permanent employees of Metallon Gold Zimbabwe (Private) Limited are members of defined contribution plans administered by either the National Industrial Council for the Mining industry of Zimbabwe or the Old Mutual Staff pension Fund Contributions are at the rate of 12% and 16% of pensionable emoluments of which employees pay 5% and 6 5% respectively The cost of pension contributions during the year is made up as follows,

	Group 2012 US$'000	Group 2012 US$'000
Contributions for the year	**2,058**	2,002

28 2 National Social Security Scheme

Metallon Gold Zimbabwe (Private) Limited makes contributions to the National Social Security Scheme, a defined benefit pension scheme promulgated under the National Social Security Act of 1989 The company's obligation under the scheme is limited to specific contributions legislated from time to time

Group 2012 US$'000	Group 2012 US$'000

Contributions for the year	**273**	293