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Gold One International Limited
(A.B.N. 35 094 265 746)
Half-year report
for the 6 months ended 30 June 2010

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Corporate Directory

Registered office

Australian corporate office

Level 3
100 Mount Street
North Sydney NSW 2060
Telephone: + 61 2 9963 6400
Facsimile: + 61 2 9963 6499

South African corporate office

First floor, 45 Empire Road
Parktown 2193
Gauteng, South Africa
Telephone: + 27 11 726 1047
Facsimile: + 27 11 726 1087

Board of Directors

Non-executive Directors

Mark Wheatley (Chairman)
Barry Davison
Kenneth Dicks
William Harris
Sandile Swana
Kenneth Winters

Executive Directors

Neal Froneman (Chief Executive Officer)
Christopher Chadwick (Chief Financial Officer)

Secretaries

Kellie Pickering (Australia)
Pierre Kruger (South Africa)

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Share registries

Australia

Registries Limited
28 Margaret Street
Sydney NSW 2000

South Africa

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

Gold One International Limited

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Corporate Directory

Solicitors

Australia

Blake Dawson
2 The Esplanade
Perth WA 6000

South Africa

Edward Nathan Sonnenburg
1 North Wharf Square
Loop Street
Foreshore
Cape Town 8001

Bankers

Australia

Commonwealth Bank of Australia
Institutional Banking
Level 22
Darling Park Tower 1
201 Sussex Street
Sydney NSW 2000

South Africa

First National Bank
Corporate Banking
6th floor, 4 First Place
Corner Simmonds and Prichard Street
Johannesburg

Stock exchange listings

Australia

Primary listing
Australian Securities Exchange ("ASX")
20 Bridge Street
Sydney NSW 2000
Ticker: GDO

South Africa

Secondary listing
Johannesburg Stock Exchange ("JSE")
One Exchange Square
Gwen Lane
Sandton 2196
Ticker: GDO

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Corporate Directory

American depository receipts

OTCQX International

Ticker: GLDZY

Level 1 ADR Sponsor

The Bank of New York Mellon

Depository Receipts Division

101 Barclay Street

22nd floor

New York 102386 USA

Other key management personnel

The other key management personnel of the Group are those that report directly to the officers of the company, being:

IJ Marais (Senior Vice President: South African Operations)

S Caddy (Senior Vice President: Projects)

PB Kruger (Vice President: Legal Counsel and Company Secretary)

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Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

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The reports and statements set out below comprise the half-year report presented to the shareholder:

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Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Directors' Report

The directors present their report on the consolidated entity consisting of Gold One International Limited ("Gold One") and the entities it controlled for the 6 months ended 30 June 2010.

1. Directors

The directors of the company during the whole of the 6 months and to the date of this report are as follows:

Mark Wheatley (Chairman)**
Barry Davison**
Kenneth Dicks**
William Harris**
Sandile Swana**
Kenneth Winters**
Neal Froneman (Chief Executive Officer)*
Christopher Chadwick (Chief Financial Officer)*

* - Executive director
** - Non-executive director

2. Review of operations

Principal activity and nature of operations

The company is an Australian and African gold resource company listed on financial markets operated by the Australian Securities Exchange ("ASX") and the Stock Exchange in Johannesburg, JSE Limited ("JSE") (issuer code "GDO"). In addition to Gold One's listings on the ASX and the JSE, its American Depositary Receipts ("ADR") are also traded in the United States under the ticker "GLDZY", where each ADR represents 10 ordinary shares.

Its major asset is the new Modder East mine which went into commercial production on 1 December 2009 on the East Rand, some 30 kilometres from Johannesburg. It also owns the nearby existing Sub Nigel mine, which has recently been recommissioned. Its other projects and targets include Ventersburg and Bothaville, both in the Free State goldfields, the Tulo concession in Mozambique and the Etendeka greenfields project in Namibia. Other than the foregoing, there were no significant changes in the state of affairs of the group that occurred during the financial half year under review.

These interim financial statements report the results of the enlarged entity for the six months ended 30 June 2010 and its financial position at that date. The financial statements have been prepared for both the JSE and the ASX.

The financial statements reflect the progress of Gold One since declaring commercial production of the Modder East mine and its pursuit of both internal growth, through existing exploration projects, and external growth, through corporate activity. The operating results and state of affairs of the group are fully set out in the attached half-year report and are characterised by the gold sales, its related production costs, interest paid on the convertible bonds and the non-cash adjustment for the fair value revaluation of the convertible bonds.

Operating and financial review

Operating results for the six months

The results for the six months ending 30 June 2010 are characterised by the gold sold during the reporting period since Modder East declared commercial production from 1 December 2009. Revenue for the 6 months is A\$32.903 million and reported gross profit is A\$17.147 million.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Directors' Report

The non-cash fair value adjustment of A\$5.183 million (2009: A\$23.474 million) on the convertible bonds had an impact on the net loss after tax for the group. It should however be noted that the principle value of the bonds is fixed at approximately US\$62.000 million (A\$71.984 million) as at 30 June 2010 and this would be the value repaid to the bondholders should the bondholders redeem or put the bonds under term and conditions of the bond agreements.

The net loss after tax of the group decreased to A\$3.940 million in 2010 from A\$39.477 million in 2009.

Cash balances at the end of the reporting period remain low and reduced finance income earned to A\$316 thousand (2009: A\$1.408 million). A portion of the available cash was used to repay A\$4.695 million on the convertible bonds during the period under review, which resulted in a slight decrease in finance costs to A\$3.184 million (2009: A\$3.572 million).

Headline loss for the period is the loss per period adjusted for profits and / or losses attributable to once-off expenses and capital gains or losses. The disclosure of headline earnings or loss per share is a requirement of the JSE.

| Consolidated | 2010 | 2009 |
|--|----------------|-----------------|
| Headline loss per share | (0.01) | (0.05) |
| Calculated based on: | | |
| Weighted average number of fully paid ordinary shares | 805 405 020 | 684 669 076 |
| Headline loss for the period (A\$'000) | (3 881) | (38 298) |
| Reconciliation of basic loss and headline loss for the period (A\$'000) | | |
| Loss for the period | (3 940) | (39 477) |
| Impairment of assets | 74 | - |
| Gain on sale of assets | (15) | 1 179 |
| Headline loss for the period | (3 881) | (38 298) |

Share issues during the period:

- Exercise of listed options (542 at A\$ 0.50; 300 000 at A\$ 0.22);
- Shares issued in respect of Tulo acquisition (220 357 shares at ZAR 2.269 - non-cash); and
- Exercise of options (258 536 at ZAR 1.35; 109 000 at ZAR 1.74 and 39 734 at ZAR 2.04).

3. Authorised and issued share capital

At 30 June 2010, Gold One International Limited had 805 894 985 fully paid ordinary shares in issue. The shares carry one vote per share and the right to dividends.

4. Dividends

No dividends were declared or paid to shareholders during the 6 months.

5. Highlights and events after the reporting period

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2010, other than initiatives by Gold One dealing with the possibility of the bondholders exercising their right of put. Gold One recently announced that it had executed a mandate and a term sheet for a US\$ 65 million debt facility with two leading international banks, ABSA Capital (a division of ABSA Bank Limited) and BNP Paribas.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Directors' Report

The term sheets will form the basis of the final agreements to be executed in the coming quarter. The facility will ensure that Gold One has the capacity to refinance its convertible bonds.

6. Additional disclosures

The additional information can be found in the notes to the half-year financial statements. These disclosures have been included to give a true and fair view of the company's financial performance and position as required by the *Corporations Act 2001*.

7. Auditors

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

8. Auditor's independence declaration

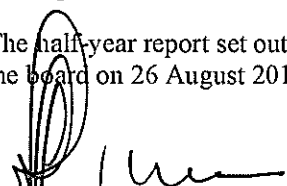
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

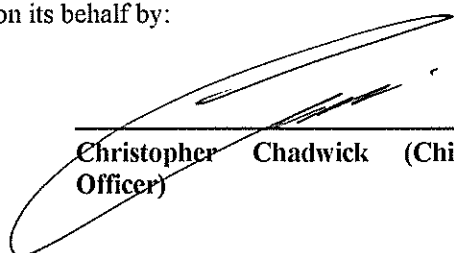
9. Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order or in certain cases, the nearest dollar.

The report is made in accordance with a resolution of directors.

The half-year report set out on page 9 to 23, which has been prepared on the going concern basis, was approved by the board on 26 August 2010 and was signed on its behalf by:



Neil Froneman (Chief Executive Officer)

Christopher Chadwick (Chief Financial Officer)

26 August 2010

Johannesburg, South Africa

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PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the audit of Gold One International Limited for the half year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Gold One International Limited during the half year.



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
26 August 2010

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Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Consolidated Statement of Comprehensive Income

| | | 6 months ended 30 June 2010 AS '000 | 6 months ended 30 June 2009 AS '000 |
|---|------|---|---|
| | Note | | |
| Revenue from continuing operations | | 32 903 | 1 408 |
| Cost of sales | | (15 756) | - |
| Gross profit | | 17 147 | 1 408 |
| Other income | | 136 | - |
| General and administrative expenses | | (12 486) | (10 161) |
| Fair value adjustment on financial liability | 4 | (5 183) | (23 474) |
| Impairment of assets | | (74) | - |
| Share based payment expense | | (1 354) | (837) |
| Exploration and pre-feasibility expenses | | (1 477) | (1 509) |
| Gain on foreign exchange transactions | | 393 | 22 |
| Gain / (loss) on investments | | 15 | (1 179) |
| Operating loss before finance costs | | (2 883) | (35 730) |
| Finance costs | | (3 184) | (3 572) |
| Loss before income tax | | (6 067) | (39 302) |
| Income tax expense | 6 | 2 127 | (175) |
| Loss for the period | | (3 940) | (39 477) |
| Other comprehensive income, net of tax: | | | |
| Currency translation differences on foreign operations | | 771 | 844 |
| Total comprehensive loss | | (3 169) | (38 633) |
| Loss for the 6 months attributable to: | | | |
| Owners of the parent | | (3 940) | (39 477) |
| Non-controlling interest | | - | - |
| | | (3 940) | (39 477) |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | (3 169) | (38 633) |
| Non-controlling interest | | - | - |
| | | (3 169) | (38 633) |
| Loss per share: | | | |
| Basic earnings per share | | (0.01) | (0.05) |
| Diluted earnings per share | | (0.01) | (0.05) |
| Number of shares in issue | | 805 894 985 | 684 699 076 |
| Reconciliation of weighted and diluted average number of shares: | | | |
| Average number shares | | 805 405 020 | 684 669 076 |
| Unexercised share options | | 84 924 174 | 51 612 357 |
| | | 890 329 194 | 736 281 433 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Consolidated Statement of Financial Position

| | Note | 30 June 2010 AS '000 | 31 December 2009 AS '000 |
|---|------|----------------------------|--------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 7 034 | 15 268 |
| Trade and other receivables | 8 | 6 075 | 6 753 |
| Inventories | | 2 047 | 2 244 |
| Taxation receivable | | 391 | 199 |
| | | 15 547 | 24 464 |
| Non-Current Assets | | | |
| Receivables | | 18 | 18 |
| Held-to-maturity investments | | 1 403 | 1 293 |
| Property, plant and equipment | 9 | 151 069 | 142 323 |
| Deferred tax asset | | 2 324 | - |
| | | 154 814 | 143 634 |
| Total Assets | | 170 361 | 168 098 |
| Liabilities | | | |
| Current Liabilities | | | |
| Financial liabilities designated at fair value | 4 | 81 036 | 80 293 |
| Trade and other payables | | 12 469 | 10 319 |
| Provisions | 10 | 2 270 | 1 597 |
| | | 95 775 | 92 209 |
| Non-Current Liabilities | | | |
| Provisions | | 3 221 | 3 021 |
| Total Liabilities | | 98 996 | 95 230 |
| Net Assets | | 71 365 | 72 868 |
| Equity | | | |
| Contributed equity | 11 | 130 502 | 130 215 |
| Reserves | | (1 578) | (3 728) |
| Accumulated loss | | (57 559) | (53 619) |
| Capital and reserves attributable to owners of Gold One International Limited | | 71 365 | 72 868 |
| Non-controlling interest | | - | - |
| Total Equity | | 71 365 | 72 868 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Consolidated Statement of Changes in Equity

| | Contributed equity AS '000 | Reserves AS '000 | Accumulated loss AS '000 | Total equity AS '000 |
|--|----------------------------------|---------------------|--------------------------------|-------------------------|
| Balance at 01 January 2009 | 61 876 | 3 037 | (26 471) | 38 442 |
| <i>Changes in equity</i> | | | | |
| Total comprehensive loss for the 6 months | - | 844 | (39 477) | (38 633) |
| Contributions of equity net of transaction costs | 20 381 | - | - | 20 381 |
| Reverse acquisition adjustment | 7 512 | - | - | 7 512 |
| Employee share options | - | 858 | - | 858 |
| Total changes | 27 893 | 1 702 | (39 477) | (9 882) |
| Balance at 30 June 2009 | 89 769 | 4 739 | (65 948) | 28 560 |
| Balance at 01 January 2010 | 130 215 | (3 728) | (53 619) | 72 868 |
| <i>Changes in equity</i> | | | | |
| Total comprehensive loss for the 6 months | - | 771 | (3 940) | (3 169) |
| Contribution of equity net of transaction costs | 73 | - | - | 73 |
| Employees share options | 214 | 1 379 | - | 1 593 |
| Total changes | 287 | 2 150 | (3 940) | (1 503) |
| Balance at 30 June 2010 | 130 502 | (1 578) | (57 559) | 71 365 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Consolidated Statement of Cash Flows

| | 6 months ended 30 June 2010 AS '000 | 6 months ended 30 June 2009 AS '000 |
|--|---|---|
| Cash flows from operating activities | | |
| Receipts from customers | 29 925 | - |
| Cash paid to suppliers and employees (incl GST/VAT) | (15 841) | (13 141) |
| Cash used in operations | 14 084 | (13 141) |
| Finance costs | (2 930) | (3 689) |
| Income taxes paid | (392) | (151) |
| Net cash inflow / (outflow) from operating activities | 10 762 | (16 981) |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (16 068) | (28 838) |
| Proceeds from sale of property, plant and equipment | 1 240 | 8 |
| Payment of security bonds | - | (18) |
| Purchase of investments | - | 6 060 |
| Finance income | 316 | 1 510 |
| Net cash outflow from investing activities | (14 512) | (21 278) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 11 286 | 11 978 |
| Repayment of borrowings | (4 695) | - |
| Net cash (outflow) / inflow from financing activities | (4 409) | 11 978 |
| Net decrease in cash and cash equivalents | (8 159) | (26 281) |
| Cash and cash equivalents at the beginning of the period | 15 268 | 39 254 |
| Effect of exchange rate changes on cash and cash equivalents | (75) | 916 |
| Cash and cash equivalents at the end of the period | 7 034 | 13 889 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Accounting Policies

1. Corporate information

The financial report of Gold One International Limited ("Gold One") for the half-year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 26 August 2010. Gold One is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange and the Johannesburg Stock Exchange.

The nature of the operations and principal activities of the group are described in the Directors' Report.

2 Summary of significant accounting policies

Basis of preparation

This general purpose interim financial report, for the half year reporting period ending 30 June 2010, has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Urgent Issues Group Interpretations and the *Corporations Act 2001*. The half-year consolidated financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial position, financial performance and financing and investing activities of the consolidated entity as the full financial report. It is also recommended that the half-year financial report be considered together with any public announcements made by Gold One and its controlled entities during the half-year ended 30 June 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Principles of consolidation

Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in Australian Dollars (AUD), which is the group's presentation currency. The functional currency of the company and its subsidiaries is the South African Rand (ZAR).

Impact of standards issued, but not yet applied

In December 2009, the AASB issued *AASB 9 Financial Instruments*, which addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013, but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's accounting for its available-for-sale financial assets, since *AASB 9* only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group has not recognised any such gain in other comprehensive income. The group has not yet decided when to adopt *AASB 9*.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

3. Segment information

Description of segments

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

The committee considers the business from both a functional and a geographic perspective and has identified three reportable segments: Gold One, which consists of corporate and administrative activities; South African operations, which consists of the extraction of and processing of gold ore into fine gold; and Projects, which consists of the exploration and feasibility of the group's properties.

Segment information provided to the strategic committee:

| | 30 June 2010 | | | | 30 June 2009 | | | |
|-----------------------------|-----------------|--------------------------|-------------|----------------|-----------------|--------------------------|-------------|-----------------|
| | Corporate | South African operations | Projects | Consolidated | Corporate | South African operations | Projects | Consolidated |
| | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 |
| Segment revenue | | | | | | | | |
| Sales to external customers | - | 32 587 | - | 32 587 | - | - | - | - |
| Other revenue | 28 | 283 | 5 | 316 | 10 | 1 392 | 6 | 1 408 |
| | 28 | 32 870 | 5 | 32 903 | 10 | 1 392 | 6 | 1 408 |
| Segment results | | | | | | | | |
| Loss for the half year | (12 342) | 6 322 | (47) | (6 067) | (30 181) | (9 030) | (91) | (39 302) |
| Income taxes | - | 2 127 | - | 2 127 | - | (175) | - | (175) |
| | (12 342) | 8 449 | (47) | (3 940) | (30 181) | (9 205) | (91) | (39 477) |

| | 30 June 2010 | | | | 31 December 2009 | | | |
|---------------------------------------|-----------------|--------------------------|--------------|---------------|------------------|--------------------------|--------------|---------------|
| | Corporate | South African operations | Projects | Consolidated | Corporate | South African operations | Projects | Consolidated |
| | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 | AS'000 |
| Segment assets and liabilities | | | | | | | | |
| Segment assets | 328 | 167 492 | 2 541 | 170 361 | 7 508 | 156 902 | 3 688 | 168 098 |
| Segment liabilities | (83 117) | (15 674) | (205) | (98 996) | (81 946) | (13 140) | (144) | (95 230) |
| | (82 789) | 151 818 | 2 336 | 71 365 | (74 438) | 143 762 | 3 544 | 72 868 |

The reported measure of assets and liabilities excludes inter-company assets and liabilities. Corporate assets consist mainly of cash and cash equivalents managed centrally for the other operating segments.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

2010
AS '000

2009
AS '000

4. Financial liabilities designated at fair value

Financial liabilities consist of convertible bonds classified as financial liabilities at fair value through profit and loss.

At fair value

| | | |
|------------------|--------|--------|
| Convertible bond | 81 036 | 80 293 |
|------------------|--------|--------|

At the end of the period

| | |
|---------------|---------------|
| 81 036 | 80 293 |
|---------------|---------------|

Reconciliation of convertible bond

| | | |
|-----------------|--------|--------|
| Opening balance | 80 293 | 93 846 |
|-----------------|--------|--------|

| | | |
|-----------------------|---|-------|
| Fair value adjustment | - | 7 818 |
|-----------------------|---|-------|

Convertible bond value before cancellation

| | |
|---------------|----------------|
| 80 293 | 101 664 |
|---------------|----------------|

| | | |
|----------------------------|---|-----------|
| Convertible bond cancelled | - | (101 664) |
|----------------------------|---|-----------|

| | | |
|------------------------------|---|---------|
| Re-issued bond in US dollars | - | 101 664 |
|------------------------------|---|---------|

| | | |
|--------------------------|-----|-----|
| Interest accrued on bond | 255 | 339 |
|--------------------------|-----|-----|

| | | |
|--------------------|---------|----------|
| Repurchase of bond | (4 695) | (13 481) |
|--------------------|---------|----------|

| | | |
|------------------------|-------|---------|
| Fair value adjustments | 5 183 | (8 229) |
|------------------------|-------|---------|

| | |
|---------------|---------------|
| 81 036 | 80 293 |
|---------------|---------------|

In 2007, 600 8.5% convertible bonds were issued by Alease Gold Limited at a nominal value of R1 million per bond. As a result of the reverse acquisition arrangement in 2009 whereby Alease Gold Limited was acquired by Gold One, the original bonds issued were replaced on 25 May 2009 with 600 8.5% convertible bonds at a total nominal value of US\$ 71.598 million. The bonds mature in December 2012, 5 years from the original issue date at the redemption value of 109.6% of the nominal value unless converted into the group's ordinary shares at the holder's option, at any time during the conversion period. All or some of the bonds can be converted at a fixed rate of 314 026 shares per bond.

At any time on or after 12 December 2009 the group may redeem all, but not some only, of the bonds for the time being outstanding at their accreted principal amount, which represents on the relevant date a gross yield to maturity identical to that applicable in the case of redemption on the maturity date, together with interest accrued to the date fixed for redemption. This option is exercisable only if the market value of the ordinary shares has accreted with more than 150% of the conversion price. 99 bonds have been repurchased to date after the bondholders had approved a partial buyback.

In addition, the group has the option to redeem all the bonds, and not some only, at any time, at their accreted principal amount together with interest accrued to the date fixed for redemption, if 85% or more of the originally issued bonds have been exercised and / or purchased and cancelled.

The holders have the option to put the bond to the group at the accreted principal amount plus accrued interest on the third anniversary of the closing date, being 12 December 2010.

The following debt covenants apply to the convertible bonds:

- Gold One may not create or allow any additional indebtedness in relation to the Modder East project;
- Gold One may not create or allow any additional indebtedness in relation to any other project unless such indebtedness complies with the applicable earnings restriction and debt / equity ratio;
- Gold One is not permitted to sell or dispose of any key assets without the consent of the bondholders; and
- Gold One is not permitted to sell any other assets other than on arms length and commercially

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

4. Financial liabilities designated at fair value (continued)

reasonable terms.

The best evidence of fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The timing of recognition of deferred day one profit and loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognised immediately in the statement of comprehensive income without reversal of deferred day one profits and losses. The group has elected to amortise the deferred day one profit and loss over the life of the transaction. The day one loss is carried as part of the fair value of the convertible bond and the amount released to profit and loss is included in the fair value adjustment on the convertible bond. The outstanding day one loss was expensed at the time the bonds were cancelled and re-issued.

It should however be noted that the principle value of the bonds is fixed at approximately US\$62.000 million (A\$71.984 million) as at 30 June 2010 and this would be the value repaid to the bondholders should the bondholders redeem or put the bonds under term and conditions of the bond agreements.

5. Financial risk management

The group's principal financial instruments comprise short-term deposits and the convertible bonds. The main purpose of these financial instruments is to invest surplus funds for the group's operations, and provide funding for the development of the Modder East operation. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

No derivative transactions have been entered into. It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments is the liquidity risk. The board reviews and agrees policies for managing the risk and it is summarised below.

Liquidity risk

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.

The group manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

Financing arrangements

The group did not have access to undrawn borrowing facilities at the end of the reporting period.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

5. Financial risk management (continued)

Maturity of financial liabilities

At 30 June 2010

| | Less than 6 months AS'000 | 6 - 12 months AS'000 | Over 5 years AS'000 | Total AS'000 |
|--|------------------------------|-------------------------|------------------------|-----------------|
| Financial liabilities designated at fair value | (73 002) | - | - | (73 002) |
| Trade and other payables | (12 469) | - | - | (12 469) |
| | (85 471) | - | - | (85 471) |

At 31 December 2009

| | Less than 6 months AS'000 | 6 - 12 months AS'000 | Over 5 years AS'000 | Total AS'000 |
|--|------------------------------|-------------------------|------------------------|-----------------|
| Financial liabilities designated at fair value | - | (74 818) | - | (74 818) |
| Trade and other payables | (10 319) | - | - | (10 319) |
| | (10 319) | (74 818) | - | (85 137) |

| | | |
|--|---------------|---------------|
| | 2010 | 2009 |
| | AS'000 | AS'000 |

6. Taxation

Major components of the tax expense

Republic of South Africa Local - Current

| | | |
|---|-------|-----|
| South African income tax - current period | (197) | 175 |
|---|-------|-----|

Deferred income tax

| | | |
|---|--------------|------------|
| Originating and reversing temporary differences | 2 324 | - |
| | 2 127 | 175 |

7. Cash and cash equivalents

| | | |
|---------------------|--------------|---------------|
| Cash on hand | 189 | 652 |
| Restricted cash* | 5 418 | 4 009 |
| Short-term deposits | 1 427 | 10 607 |
| | 7 034 | 15 268 |

*An amount of A\$4.023 million of the restricted cash refers to an-ongoing dispute with Grinaker-LTA Mining. In the event of an unfavourable outcome in the arbitration process, the cash balance of the Group will be reduced by a settlement amount to be determined by the arbitration process. Refer to note 13 for more details on the Grinaker-LTA mining dispute.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

| | 2010 AS '000 | 2009 AS '000 |
|--|-----------------|-----------------|
| 8. Trade and other receivables | | |
| Trade receivables | 3 974 | 6 714 |
| Prepayments | 147 | 25 |
| VAT/GST | 1 879 | 14 |
| Due from related party (refer note 14) | 75 | - |
| | <u>6 075</u> | <u>6 753</u> |

Trade and other receivables are non-interest bearing and generally settled on 30 days terms.

9. Property, plant and equipment

At 30 June 2010, the group's additions to property, plant and equipment amounted to A\$ 16.000 million. The majority of the additions are attributable to the Modder East mine to cater for the current production levels. The proceeds of A\$ 1.200 million relates to the final two instalments of the Twin Hills Assets sold in 2009.

All the equipment was acquired for cash.

10. Provisions

Reconciliation of provisions - 2010

| | Opening balance AS'000 | Raised during the year AS'000 | Utilised during the year AS'000 | Closing balance AS'000 |
|-------------------|------------------------------|--|--|------------------------------|
| Employee benefits | 1 176 | 800 | - | 1 976 |
| Other provisions | 421 | - | (127) | 294 |
| | <u>1 597</u> | <u>800</u> | <u>(127)</u> | <u>2 270</u> |

Reconciliation of provisions - 2009

| | Opening balance AS'000 | Closing balance AS'000 |
|-------------------|------------------------------|------------------------------|
| Employee benefits | 1 176 | 1 176 |
| Other provisions | 421 | 421 |
| | <u>1 597</u> | <u>1 597</u> |

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

| | 2010 AS '000 | 2009 AS '000 |
|---|------------------------|--------------------------------------|
| 11. Contributed equity | | |
| Issued | | |
| 805 894 985 Ordinary shares | 130 502 | 130 215 |
| Fully paid ordinary shares carry one vote per share and carry the right to dividends. | | |
| The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting. | | |
| Movement in ordinary shares on issue | Consolidated AS | Consolidated number of shares |
| At 31 December 2008 | 66 178 767 | 556 151 869 |
| Issued prior to the scheme of arrangement | 21 032 068 | 101 565 915 |
| Issued on exercise of options prior to the scheme of arrangement | 282 646 | 2 800 000 |
| Transaction costs prior to the scheme of arrangement | (23 067) | - |
| Elimination of existing legal acquiree shares | - | (660 517 784) |
| Shares of legal acquirer at acquisition date | - | 24 151 232 |
| Issue of shares on acquisition | 7 355 387 | 660 517 784 |
| Issued on 2 June 2009 for cash on exercise of listed options | 43 | 60 |
| Issued on 9 July 2009 for cash under a share placement | 10 577 280 | 33 600 000 |
| Transaction costs on share issue | (541 163) | - |
| Issued on 9 July 2009 in respect of the Tulo acquisition | 73 677 | 230 240 |
| Issued on 24 August 2009 for cash on exercise of unlisted options | 13 797 | 67 500 |
| Issued on 31 August 2009 for cash under a share placement | 25 401 209 | 80 689 990 |
| Transaction costs on share issue | (1 311 506) | - |
| Issued on 4 September 2009 for cash under a share placement | 1 797 511 | 5 710 010 |
| Transaction costs on share issue | (126 046) | - |
| Transaction costs incurred in RSA | (495 189) | - |
| At 31 December 2009 | 130 215 414 | 804 966 816 |
| Issued on 11 January 2010 in respect of the Tulo acquisition | 73 300 | 220 357 |
| Transaction costs on share issue | (123) | - |
| Issued on 25 January 2010 for cash on exercise of share options | 16 473 | 52 225 |
| Issued on 27 January 2010 | 1 | - |
| Transaction costs on share issue | (126) | - |
| Issued on 11 March 2010 for cash on exercise of share options | 277 | 542 |
| Transaction costs on share issue | (126) | - |
| Issued on 6 May 2010 for cash on exercise of share options | 53 053 | 207 895 |
| Transaction costs on share issue | (126) | - |
| Issued on 19 May 2010 for cash on exercise of share options | 102 275 | 300 000 |
| Transaction costs on share issue | (126) | - |
| Issued on 17 May 2010 for cash on exercise of share options | 41 490 | 147 150 |
| Transaction costs on share issue | (126) | - |
| At 30 June 2010 | 130 501 530 | 805 894 985 |

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

| | 2010 AS '000 | 2009 AS '000 |
|---|-----------------|-----------------|
| 12. Commitments | | |
| Guarantees, capital and operating lease commitments | | |
| Guarantees | 1 199 | 1 174 |
| Capital commitments | 11 024 | 1 506 |
| Operating lease commitments | 1 797 | 583 |
| | 14 020 | 3 263 |
| Guarantees | | |
| Environmental rehabilitation of land | | |
| • Performance bank guarantees with Department of Mineral Resources | 213 | 204 |
| • Performance guarantee - Eskom | 986 | 970 |
| | 1 199 | 1 174 |
| <p>The guarantees relate to performance bank and insurance guarantees with the Department of Mineral Resources for the environmental rehabilitation of land, as well as performance guarantees with Eskom for energy.</p> | | |
| Capital commitments | | |
| The capital commitments relate to capital expenditure commitments contracted at balance sheet date. | | |
| Operating leases – as lessee (expense) | | |
| The future aggregate minimum lease payment under non-cancellable operating leases are: | | |
| - within one year | 667 | 102 |
| - in second to fifth year inclusive | 654 | 343 |
| - later than five years | 476 | 138 |
| | 1 797 | 583 |

The operating lease commitments relate to the leases for the farm Cloverfield, Parktown offices and Australia offices. No contingent rent is payable.

13. Contingencies

Grinaker-LTA Mining

At the beginning of August 2009, a dispute was declared between New Kleinfontein Goldmine (Proprietary) Limited ("NKGM"), a wholly-owned subsidiary of Gold One, and Grinaker-LTA Mining Contracting, a business unit of Aveng (Africa) Limited ("Grinaker"), regarding a claim by Grinaker for payment of the sum of A\$4.023 million under the Contract Works Agreement for the sinking of the vertical shaft at Modder East. This is part of the restricted cash balance referred to in note 7.

The dispute was referred to arbitration in August 2009 on the basis that Grinaker completes the sinking of the vertical shaft and NKGM pays the sum of A\$4.023 million into trust pending the arbitrator's ruling. NKGM duly paid the sum of A\$4.023 million into trust and Grinaker has in the interim completed the sinking of the vertical shaft, the erection of the headgear and the commissioning of the winder.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

13. Contingencies (continued)

Furthermore, Grinaker is claiming an additional A\$2.000 million over and above the amount held in the trust bringing the total claim to A\$6.023 million. Gold One is refuting the full amount of the claim.

NKGM contends that:

- The contract was for a fixed price, plus escalation in accordance with the contract price adjustment formula and agreed variations;
- Grinaker was unable to achieve the sinking rate as per the construction program and as a consequence was not able to complete the shaft within the prescribed period; and
- The additional costs incurred by Grinaker as a result of it not completing the shaft within the prescribed period are for its own account.

NKGM does not admit being indebted to Grinaker in the sum of A\$4.023 million. In addition, the A\$4.023 million was not paid into trust as a tender or admission of liability, but solely in terms of the arbitrator's directive.

The arbitration is ongoing and no date has been fixed for a hearing. In the event of an unfavourable outcome in the arbitration process, the cash balance of the Group will be reduced by a settlement amount to be determined by the arbitration process.

14. Related parties

Relationships

Directors

Ultimate holding company

Subsidiaries

Refer to directors' report note 1

Gold One International Limited

Gold One Africa Limited

Twin Hills Operations (Proprietary) Limited

Australian Silicon Operations (Proprietary) Limited

Gold One Mozambique Lda

Etendeka Prospecting and Mining Company (Proprietary) Limited

New Kleinfontein Company Limited

New Kleinfontein Goldmine (Proprietary) Limited

New Kleinfontein Gold Claims (Proprietary) Limited

New Kleinfontein Rehabilitation Trust

Gold One International Limited Share Incentive Scheme

Travel costs of A\$29 611 were reimbursed by Uranium One Incorporated, of which MK Wheatley is a director. Rates were based on arms length transactions and no amount was outstanding at 30 June 2010.

An amount of A\$ 75 000 was due from Gold One Mozambique Lda, a wholly owned subsidiary of Gold One Africa. The loan bears no interest, is unsecured and there are no fixed terms of repayment.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Notes to the Half-year Report

15. Events after the reporting period

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2010, other than initiatives by Gold One dealing with the possibility of the bondholders exercising their right of put.

All other matters or circumstances arising after 30 June 2010 are discussed in detail in the Directors' Report.

16. Going concern

We draw attention to the fact that at 30 June 2010, the consolidated entity had accumulated losses of A\$ 57.559 million.

The holders of the convertible bonds have the option to put the bonds to the group at the accreted principal amount plus accrued interest on the third anniversary of the closing date, being 12 December 2010.

The ability of the group to continue as a going concern is dependent on the company obtaining funding to finance the put option either by way of debt, through the use of equity or a combination of the two. The directors are of the considered opinion that it is preferable at this stage of the company's development to put in place a pure debt facility as opposed to using cash reserves and or equity.

Gold one has reported that it has identified two lenders who are in the process of completing their final due diligence work and agreeing on the legal agreements before the debt facility can be implemented post final credit approvals.

The company and the lenders are far advanced in this process and are looking to have the facility finalised within the third quarter of 2010.

The directors are further of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2010. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that may be necessary should the group not continue as a going concern.

Therefore, these financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlements of liabilities in the ordinary course of business.

17. Comparative figures

Taxation receivable and taxation payable was previously included in the trade accounts receivable and trade accounts payable balances. In the current year the taxation receivable amount was reclassified and disclosed separately on the face of the balance sheet. The comparative figures have also been reclassified.

The correction of the classification results in adjustments as follows:

| | 2010 AS'000 | 2009 AS'000 |
|---|----------------|----------------|
| Consolidated Statement of Financial Position | | |
| Trade and other receivables | (594) | (220) |
| Trade and other payables | 203 | 21 |
| Taxation receivable | 391 | 199 |

Gold One International Limited

Half-year Report for the 6 months ended 30 June 2010

Directors' Declaration

In accordance with a resolution of the directors of Gold One International Limited, I state that:

- (A) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) give a true and fair view of the financial position as at 30 June 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (B) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

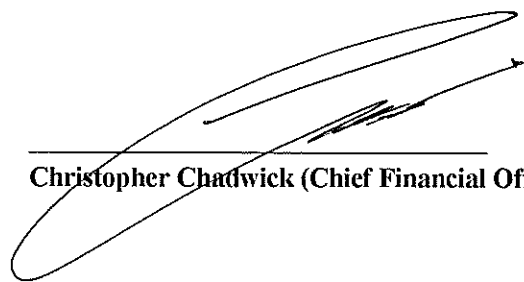
This declaration is in respect of Gold One International Limited and the entities it controlled during the period.

On behalf of the Board


Neal Froneman (Chief Executive Officer)

26 August 2010

Johannesburg, South Africa


Christopher Chadwick (Chief Financial Officer)

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Independent auditor's review report to the members of Gold One International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gold One International Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Gold One International Limited (the consolidated entity). The consolidated entity comprises both Gold One International Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gold One International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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**Independent auditor's review report to the members of
Gold One International Limited (continued)**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gold One International Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PricewaterhouseCoopers


Marc Upcroft
Partner

Sydney
26 August 2010

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