



28 October 2010

**Quarterly Activities Report  
Quarter Ended 30 September 2010**

**September 2010 Quarterly Highlights**

- Excellent safety performance continued with a progressive lost-time injury frequency rate of 0.35 per 200,000 hours for 2010
- 19,470 ounces produced, a 58% increase on the June 2010 quarter
- Operating cash flow of US\$13.4-million
- Modder East quarterly cash costs were steady at US\$483/oz despite further strengthening of the South African rand
- Resource upgraded to 20.42-million ounces
- US\$65-million debt facility credit approved
- Creation of Goliath Gold, with a +12-million ounce resource base

**September 2010 Key Performance Data  
(Average Exchange Rate of ZAR7.33/US\$1)**

Sep 2010 Quarter	Modder East	Sub Nigel	Total	June 2010 Quarter
Ore Mined Underground	85,769 t	13,024 t	98,793 t	63,065 t
Mined Grade	7.67 g/t	3.47 g/t	7.12 g/t	7.10 g/t
Milled Tonnes	83,726 t	15,338 t	99,064 t	65,456 t
Recovered Grade	6.76 g/t	2.61 g/t	6.12 g/t	5.84 g/t
Gold Recovery	96.5%	92%	96.1%	96.4%
Gold Produced	18,185 oz	1,285 oz	19,470 oz	12,287 oz
Modder East Cash Cost	US\$483/oz	-	-	US\$488/oz
Group Development and Capex	US\$8.48-million			US\$8.3-million
Group Gold Revenue	US\$23.5-million			US\$14.8-million
Average Price Received	US\$1,235/oz			US\$1,202/oz

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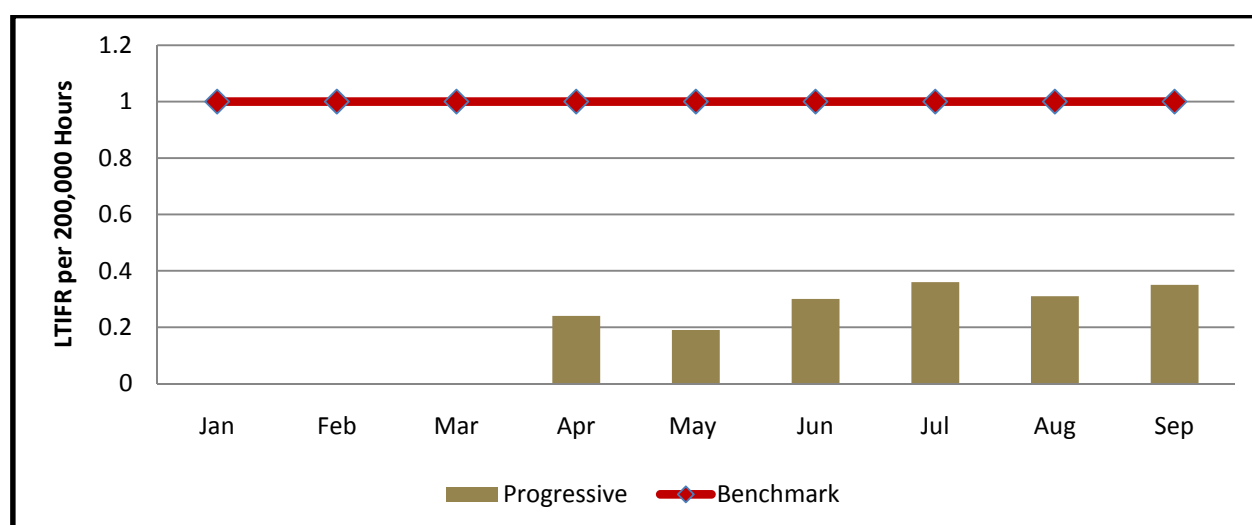
## 1. CEO's Review

After a difficult second quarter, where the company endured a five week-long wage strike, I am pleased to report that the results for the third quarter have begun to demonstrate the potential of the assets in Gold One. Not only has production from Modder East undergone a quantum leap in the third quarter, but the company has also made significant strides in terms of advancing its exploration projects, commencing with the implementation of the Megamine strategy and the creation of Goliath Gold. During the quarter, good progress was made on restructuring the balance sheet through a credit approved debt facility to refinance Gold One's convertible bonds should some or all of the bondholders exercise their once-off put option in December 2010.

At Modder East, due to a slower than expected start up of the new Raise Line 2, production ramp up in July was less than anticipated. It is, however, pleasing to report that mining activities in this area have been successfully established, resulting in record production months in August 2010 (6,471 group ounces) and September 2010 (7,482 group ounces). Gold One produced a total of 19,470 ounces for the September 2010 quarter. Based on September's production, an annualised production rate of approximately 90,000 ounces has been achieved.

Despite a 5% strengthening of the South African rand to ZAR7.33/US\$1, Modder East's cash costs remained steady for the quarter at US\$483/oz (compared to US\$488/oz for the second quarter). At budgeted exchange rates of ZAR8.41/US\$1, cash costs would have been US\$419/oz, which is marginally higher than the company's target of US\$400/oz for this year. Unit costs in South African rands for the quarter decreased by 4.3% from ZAR3,699/oz in the June quarter, to ZAR 3,540/oz in the quarter under review. These unit costs are anticipated to continue to decline as production volumes increase.

This achievement needs to be placed in the context of Gold One's continued excellent safety record, which saw the company's progressive lost-time injury frequency rate (LTIFR) at 0.35 per 200,000 hours, well below the Australian benchmark of one lost-time injury per 200,000 hours.



Also pleasing to report is that the company showed a 59% improvement in revenue to US\$23.5-million, which, when deducting cash operating costs and development and capital expenditure, resulted in a net US\$4.9-million positive cash flow from the Modder East and Sub Nigel projects, compared to break-even net cash flow in the previous quarter.

On the corporate front Gold One made significant headway with the debt facility, announcing on 7 October 2010 that the company had received credit approval for a US\$65-million loan from two leading international banks, namely Absa Capital (a division of Absa Bank Limited) and BNP Paribas. Gold One believes that a debt facility presents the best bond refinancing option for existing shareholders and that it will ensure the company has the capacity to refinance all of its convertible bonds in December 2010, should bondholders exercise their once-off put option.

More recently, the company has commenced its stated strategy of spinning out its Megamine assets, such that these may be developed in a manner most beneficial to Gold One shareholders. Gold One will acquire control of investment holding company White Water Resources (JSE:WWR) through the sale of Megamine to White Water Resources, creating Goliath Gold. The immediate implication of this acquisition is the crystallisation of over A\$38-million (ZAR260-million) in value for Gold One from the Megamine assets. In addition, these resources will be fully developed through Goliath Gold without detracting from Gold One's future strong cash flow status and stated strategy of developing shallow projects.

It was most pleasing to see Gold One increase its resource base to in excess of 20-million ounces in the third quarter. This increase has highlighted the extent of Gold One's project pipeline as well as the growth opportunities that the company has in turning these ounces to account.

After due consideration for the disruptive December festive season, production for the fourth quarter is estimated at between 20,000 and 22,000 ounces.

With continuing ramp up in production, progressing of the debt facility, and the anticipation of updated resources for Modder East and Ventersburg, the final quarter of 2010 promises to be a strong one for Gold One.

## **2. Operational Review**

### **2.1. Overview**

Gold One produced 19,470 ounces of gold in the September quarter, of which 18,989 ounces were sold in the period, including 717 ounces of inventory from the second quarter. This represents a 58% increase in production relative to the 12,287 ounces produced in the June 2010 quarter. Production from Modder East provided 18,185 ounces, while the training centre at Sub Nigel contributed 1,285 ounces.

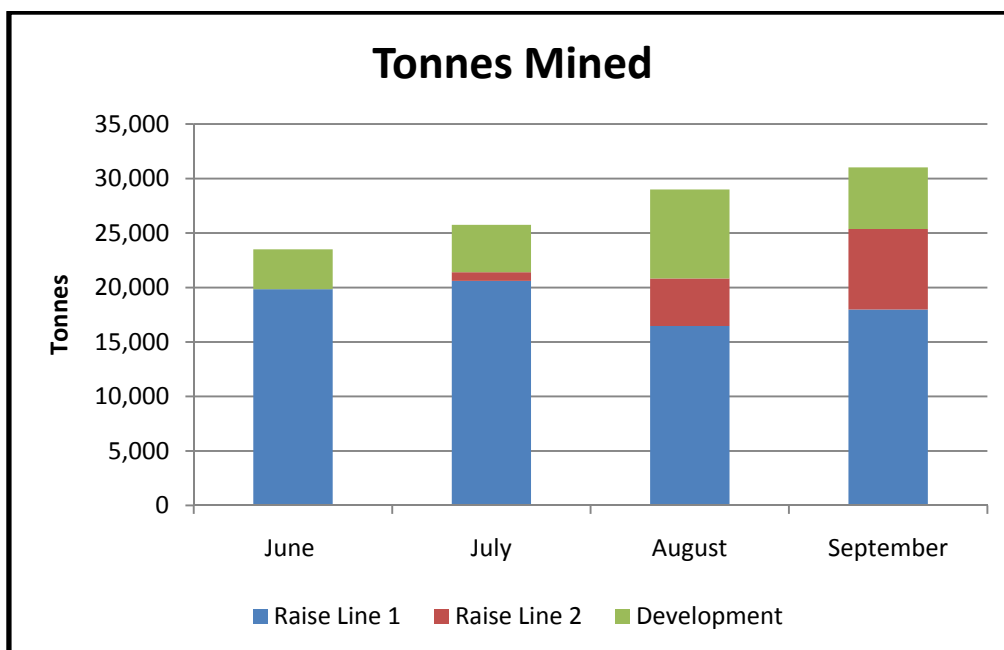
Despite a 5% strengthening of the South African rand against the US dollar from ZAR7.58:US\$1 to ZAR7.33:US\$1 quarter on quarter, Gold One managed to maintain Modder East's operating costs at US\$483/oz. At the budgeted exchange rate of

R8.41:US\$1, the equivalent cash costs for the quarter would have been US\$419/oz; marginally above the company's stated objective of achieving below US\$400/oz for the year.

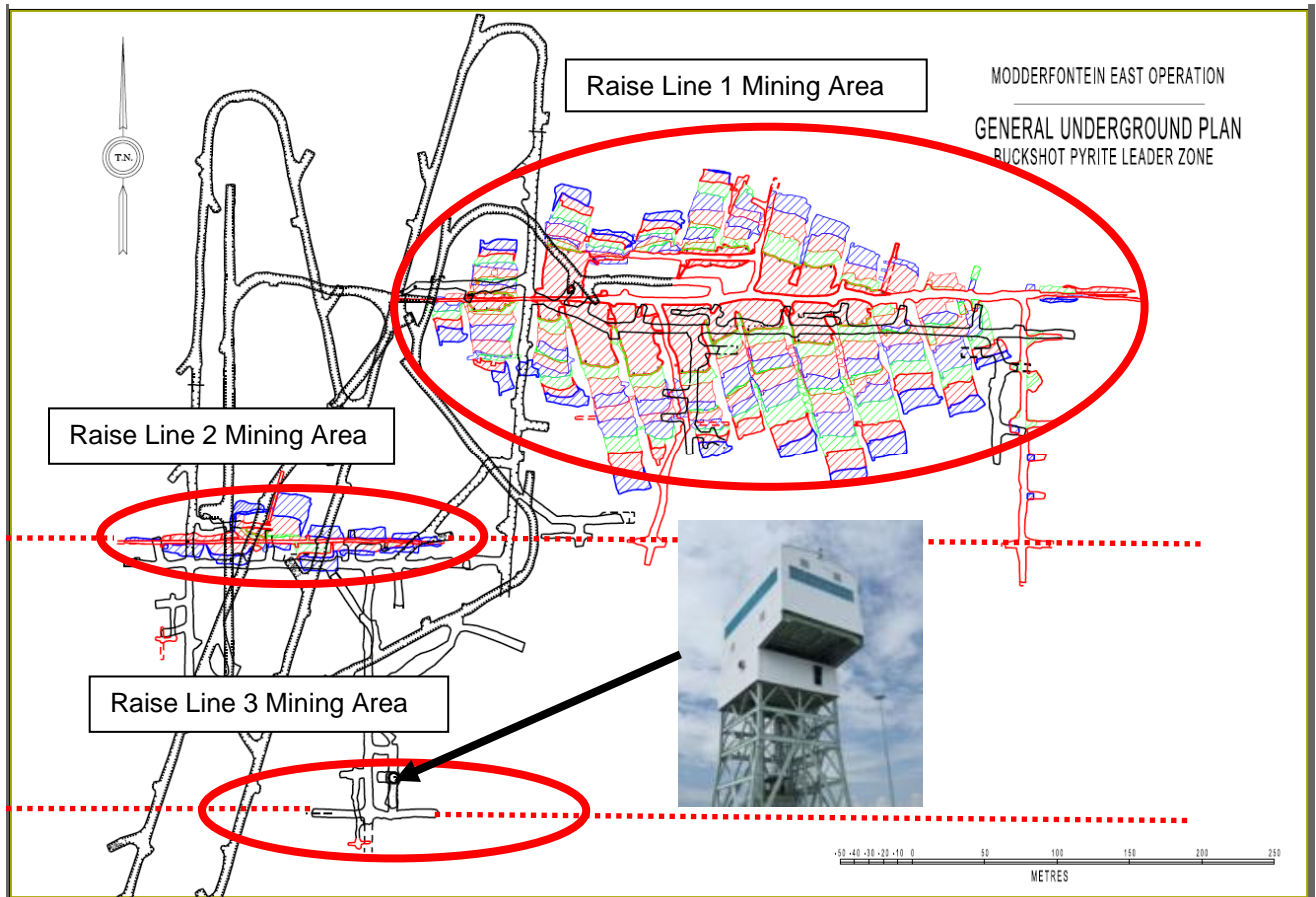
## 2.2. Modder East

The 18,185 ounces produced at Modder East during the September 2010 quarter represent a 57% increase in production compared to the June 2010 quarter. As discussed in the August 2010 operational update, production at the start of the third quarter was slower than anticipated resulting from delays in commencing stoping operations in the new Raise Line 2. This, however, was a temporary delay and production from this raise line ramped up significantly during August and September. The 57% increase in produced ounces was largely a result of the additional mining panels and associated increase in volume output that became available from the Raise Line 2.

<b>Modder East</b>		
	<b>September 2010 Quarter</b>	<b>June 2010 Quarter</b>
Ore mined underground	<b>85,769 t</b>	53,883 t
Mined Grade	<b>7.67 g/t</b>	7.57 g/t
Milled Tonnes	<b>83,726 t</b>	55,857 t
Recovered Grade	<b>6.76 g/t</b>	6.44 g/t
Gold Recovery	<b>96.5%</b>	96.7%
Gold Produced	<b>18,185 oz</b>	11,565 oz
Modder East Cash Cost	<b>US\$483/oz</b>	US\$488/oz



Raise Line 3 represents the next significant mining area from which future production will be derived. Reef was intersected in this raise line during September 2010, when on-reef development commenced. Stopping in Raise Line 3 is planned to commence only in the second quarter of 2011. Any mining faces from this area available prior to such time will provide additional mining flexibility.



Average mined in-situ grades for the Buckshot Pyrite Leader Zone (BPLZ) of the Black Reef remained in line with expectations at 12.8 grams per tonne over a reef width of 123 cm. In certain portions of the orebody where economic grades were encountered in the immediate footwall to the BPLZ, those areas were mined at wider stope widths to extract the additional economically viable gold content. As a result, the stope grade mined for the quarter was 9.4 grams per tonne over an average stope width of 153 cm. Final mined grade (including dilution associated with reef development) was 7.67 grams per tonne for the quarter.

On-reef development completed during the quarter represents the next areas planned to be mined in the near future. Assay values over a total of 329 m of sampled on-reef development were obtained during the quarter at an average grade of 11.35 grams per tonne over a channel width of 128 cm. This has provided further confidence in the grade continuity of the BPLZ. In addition, the exposed portion of the underlying Blanket Facies was sampled at an average grade of 0.83 grams per tonne.

A milestone achieved at Modder East during August 2010 was the full incorporation of the vertical shaft into the transport of underground personnel, which has been in full use since

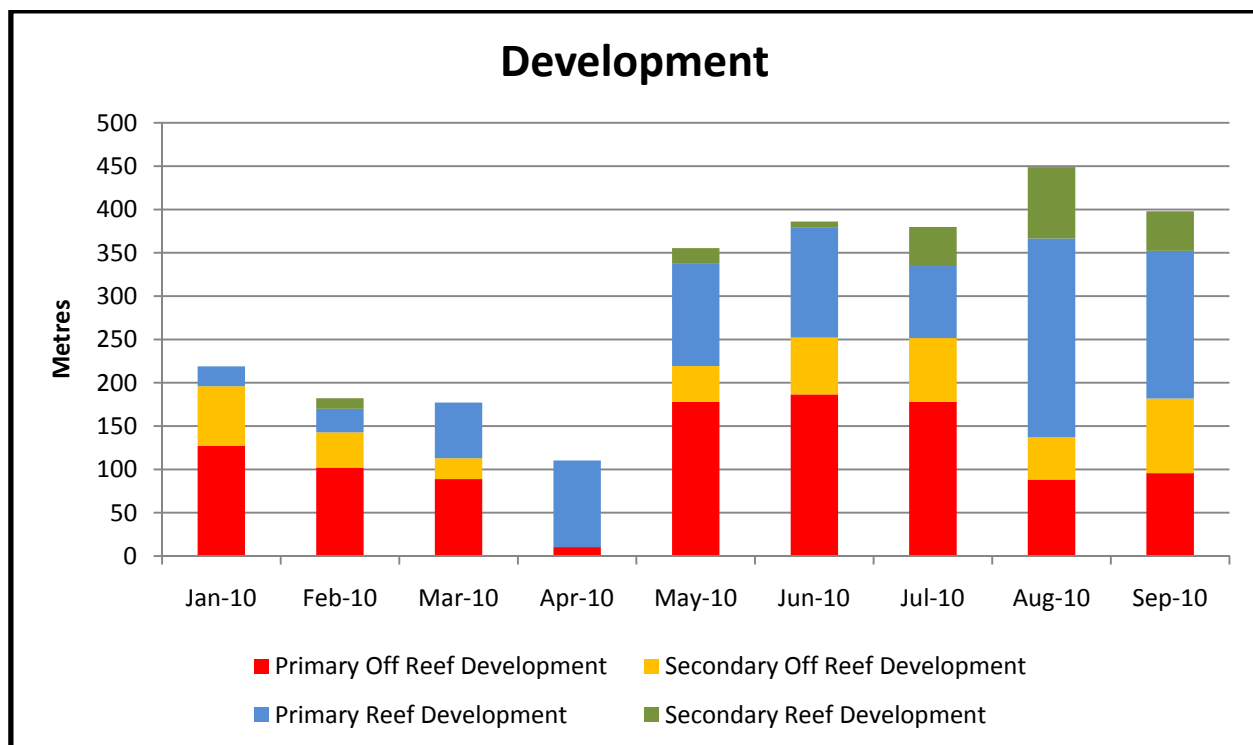
23 August 2010. This has not only significantly improved production face time by some 25%, but has also decongested the decline for improved ore and waste rock transport and reduced associated safety risks.

### 2.2.1. Development

Since April 2010, total development rates have increased significantly. During the September 2010 quarter a total of 483 m of primary reef development was achieved. This increase in reef development has predominantly been due to the increase in the number of available ends to mine. As development has continued to open the orebody, increased end availability and reduced mining congestion have increased overall equipment productivity.

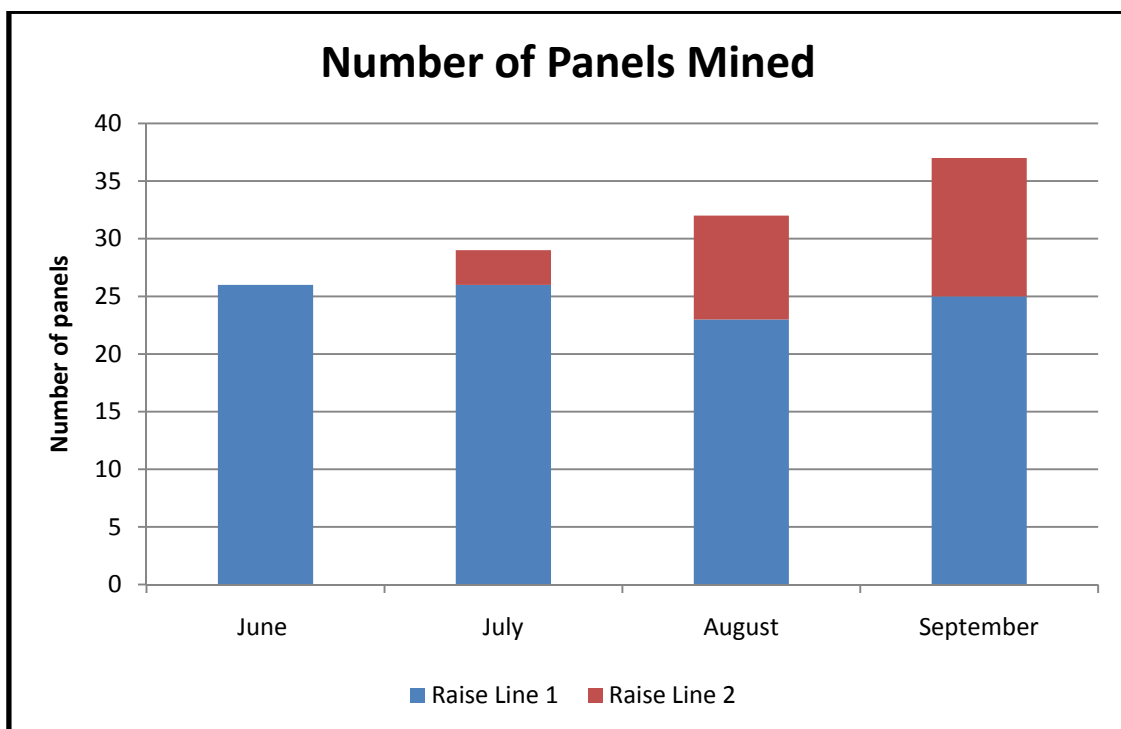
A total of 570 m of off-reef development (including 362 m of primary footwall development) was completed during the quarter. As described in detail in the 2010 June quarterly report, a total of 60 m<sup>2</sup> of reserves have been generated per primary off-reef development metre, while 156 m<sup>2</sup> of reserves have been generated per reef development metre. At current mining widths, 1 m<sup>2</sup> generates approximately 4.6 tonnes of ore. The increased development rates during the September quarter underpin the planned ramp up at Modder East.

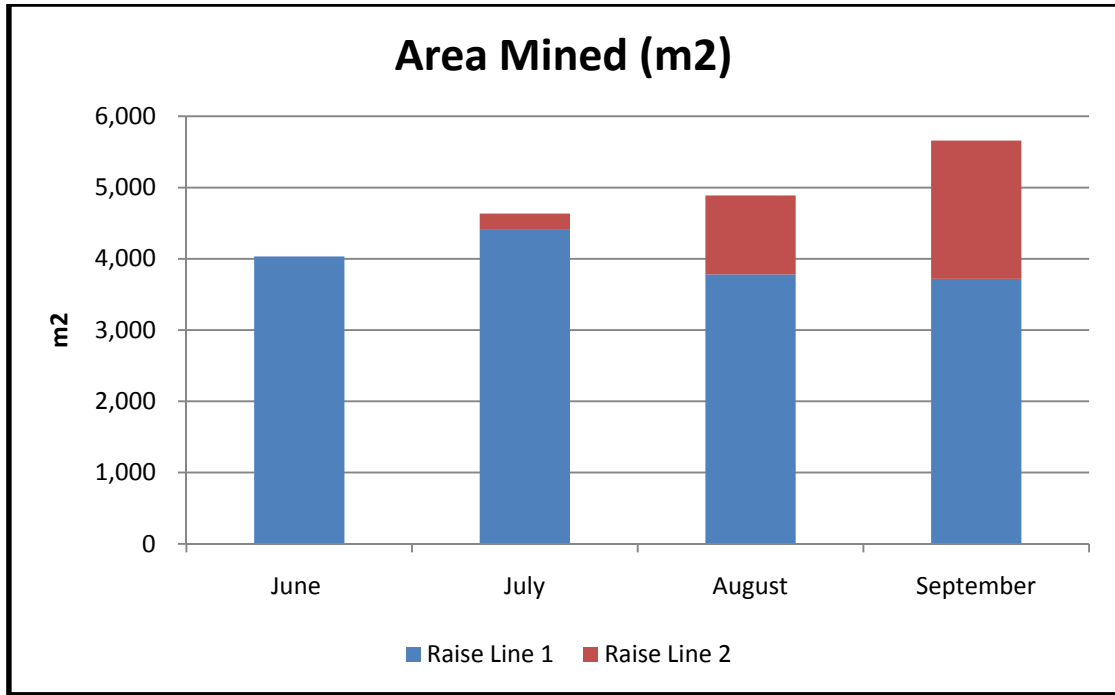
The increasing number of available development ends has also allowed for prioritisation of development, with priority in August and September having been given to opening up additional reef development in the Raise Line 2 area to support the continued ramp up in production.



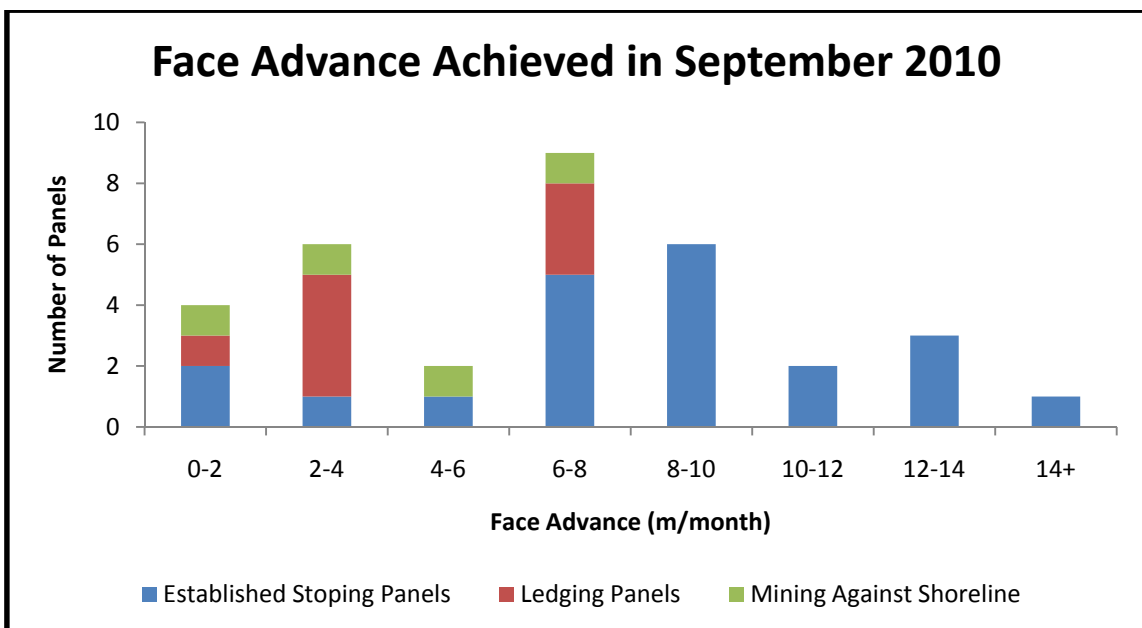
### 2.2.2. Ledging and Stopping

At steady state production, Gold One has targeted to have approximately 85 panels available for mining. During the September 2010 quarter, the number of panels mined increased from 26 panels at the end of June, to 37 panels at the end of September. A total of 12 new panels have also been established in Raise Line 2. The build up in the number of panels mined and the associated increase in area mined from Raise Line 2 is illustrated in the graphs below. While a few panels have represented replacement mining for Raise Line 1 panels that have mined up against the shoreline and since been stopped, the majority have contributed towards the planned ramp up in production. This growth is anticipated to continue into the fourth quarter of 2010 – an additional nine new panels are planned by year-end.





As illustrated in the graph below, many of the panels currently being mined are still in the ledging stage. Ledging panels refer to new faces being established for mining, which are planned at lower face advances; commonly advances are considered over a portion of the month only. As a result of the high proportion of ledging and newly established panels in Raise Line 2, average face advances achieved during the quarter decreased slightly. Production is anticipated to increase during the fourth quarter as the proportion and number of established mining panels increase.





### 2.2.3. Modder East Processing Plant

The metallurgical plant maintained excellent recoveries in excess of 96% for the third consecutive quarter. The consistency in plant recoveries has provided high levels of confidence for future forecasting purposes. The gravity circuit has been installed and will be fully commissioned during November. It is anticipated that, with the introduction of this circuit, recoveries of above 90% can be maintained as volume increases.

The secondary crusher, required to increase the plant's current capacity from 70,000 tonnes per month to 100,000 tonnes per month, has been installed and cold commissioned well ahead of schedule. The required upgraded crushing capacity is expected for the middle of 2011.

### 2.3. Sub Nigel

Although the primary purpose and focus of the Sub Nigel operation has remained as a training facility for Modder East, the September 2010 quarter produced record production for the operation. This was achieved through the continued mining of higher grade areas exposed during the previous quarter. Gold production from Sub Nigel amounted to 1,285 ounces for the quarter under review. A total of six teams were placed at Modder East from the Sub Nigel training centre during the September 2010 quarter.

<b>Sep 2010 Quarter</b>	<b>Sub Nigel</b>
Ore Mined Underground	13,024 t
Mined Grade	3.47 g/t
Milled Tonnes	15,338 t
Recovered Grade	2.61 g/t
Gold Recovery	92%
Gold Produced	1,285 oz

As discussed in detail in Section 5, the Sub Nigel operation will form part of Goliath Gold. It will, however, continue to provide training facilities for Modder East to facilitate a smooth production ramp up, until such time as this is deemed no longer necessary.

## 3. Exploration and Projects

### 3.1. Modder East

As described in the June 2010 quarterly report, a decision was taken to drill three surface boreholes at Modder East to refine the shoreline position in areas planned to be mined during 2011 and 2012. The shoreline area represents the highest grade area of the BPLZ Facies of the Black Reef. The boreholes were sited based on updated geological modelling and projected shoreline positions. Drilling commenced in June 2010 and by August the three boreholes (indicated as DD65, DD66 and DD67 in the figure below) had

been completed. During the third quarter, a total of 963 m were drilled at a total cost of ZAR1.4-million.

The first borehole (DD67) intersected what is locally referred to as the “boulder bed”. This geological facies occurs on and immediately behind the BPLZ shoreline. Although a boulder was intersected in the borehole (and assays grades are thus not considered representative of the surrounding reef), it has provided confidence that the shoreline extends to the position of the borehole, and has confirmed the projected extension of the shoreline position in this area.

DD65 was drilled and intersected a thin, poorly developed BPLZ Facies of the Black Reef, which has been interpreted as a palaeohigh (localised area of poor reef development). This drilling was followed by DD66, which intersected well mineralised BPLZ Facies. The grade in the original intersection included 22.7 grams per tonne over a channel width (true thickness) of 47 cm, and a second deflection of 19.7 grams per tonne over a channel width of 42 cm (refer to table below). This intersection suggested the continuation of the higher grade BPLZ shoreline east of the interpreted palaeohigh position. In addition to the primary BPLZ target, the underlying Channel Facies has also been well mineralised. The Channel Facies in the original intersection graded at 4.65 grams per tonne over a channel width of 516 cm, while the second intersection graded at 4.25 grams per tonne over a channel width of 569 cm.

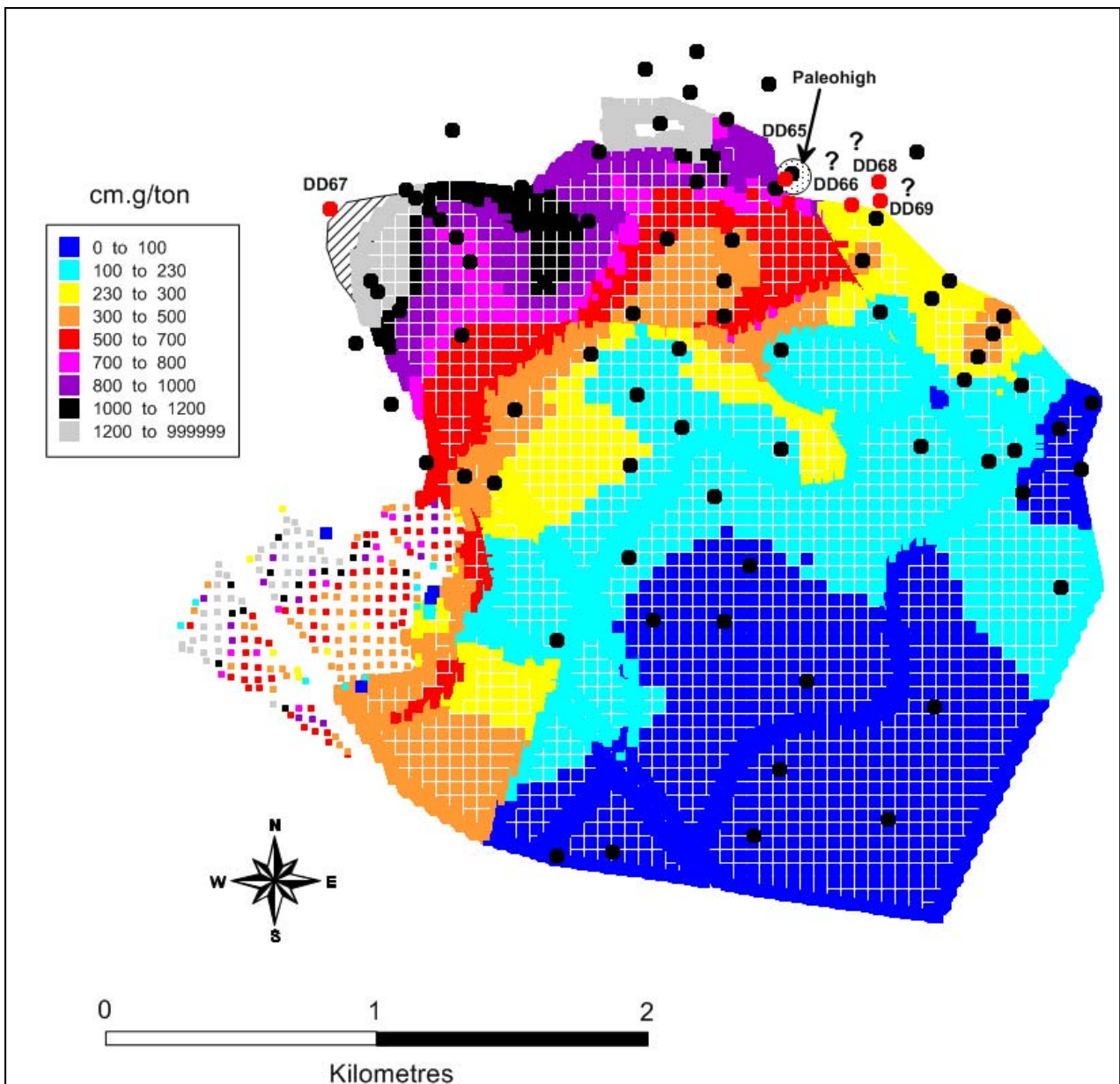
Given the successful intersection of DD66, two further boreholes (DD68 and DD69) were drilled during September and October 2010. Both of these boreholes intersected well developed and mineralised BPLZ Facies, confirming the findings of DD66 that the BPLZ shoreline is present east of the palaeohigh and has not terminated on this feature as previously interpreted. Assay results from these two boreholes are still outstanding.

In summary, the drilling of DD65 to DD69 has confirmed projected extensions of the shoreline with the palaeohigh intersected in DD65 likely to be a localised feature. A continuation exploration programme is currently being planned to confirm the extent of the shoreline extension east of the palaeohigh.

The results from the drilling of DD65 to DD67 have been utilised to update geological models and have been considered in the revised resource estimate. The updated resource estimate is currently under review by an independent party, SRK Consulting, and will be published during the fourth quarter of 2010.

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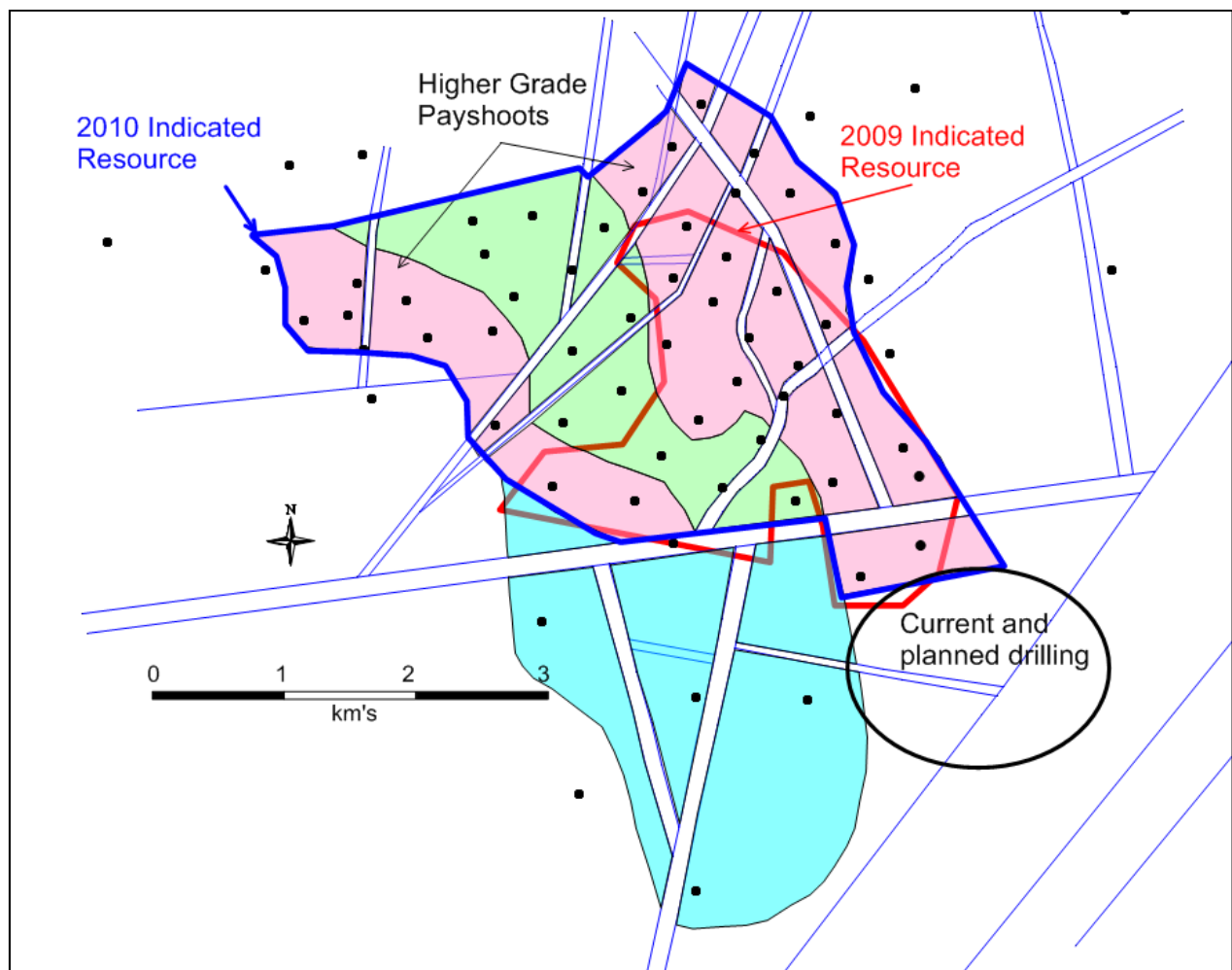
BH_ID	Reef	Depth Intersected (m)	Dip Corrected			Remarks
			cm	g/t	cmg/t	
DD65_D0	BPLZ	265.26	28	0.16	4	Intersected palaeohigh
DD65_D1	BPLZ	266.10	28	0.25	7	Intersected palaeohigh
DD66_D0	BPLZ	262.38	47	22.69	1,066	
DD66_D0	Channel Facies	262.85	516	4.65	2,399	
DD66_D1	BPLZ	261.73	42	19.67	826	
DD66_D1	Channel Facies	262.15	569	4.25	2,418	
DD67_D0	BPLZ	308.05	205	0.08	16	Intersected Boulder
DD67_D0	Channel Facies	309.16	210	0.45	94	
DD67_D1	BPLZ	308.54	203	0.12	24	Intersected Boulder
DD67_D1	Channel Facies	310.63	198	1.12	222	
DD67_D2	BPLZ	309.62	200	0.92	184	Intersected Boulder
DD67_D2	Channel Facies	311.68	177	0.23	41	



### 3.2. Ventersburg

Drilling at Ventersburg has continued during the third quarter with a total of 1,661 m drilled and a total exploration expenditure of ZAR2.6-million. Drilling included the completion of two additional boreholes, bringing the number of boreholes completed during the 2010 drilling campaign to seven. These boreholes, combined with boreholes from the latter half of 2009, have been utilised to update existing geological models and resource estimations. These updated resources are currently under review by SRK Consulting and will be published during the fourth quarter of 2010.

Drilling will continue during the fourth quarter and will target the south-easterly extensions of the identified higher grade channelised (payshoot) areas specifically. In addition, the upgraded resources have been considered during the pre-feasibility study being undertaken currently on Ventersburg by Turgis Consulting. The prefeasibility study will be completed during the first quarter of 2011.



### 3.3. Megamine

The Megamine project comprises Gold One's operating Sub Nigel mine and the Vlakfontein, West Vlakfontein and Spaarwater prospecting areas. A resource upgrade of

the Megamine portfolio was announced in early October. Indicated resources have increased from 0.31-million ounces (2.98-million tonnes at 3.21 grams per tonne), to 3.02-million ounces (21.55-million tonnes at 4.36 grams per tonne), while inferred resources have increased from 5.58-million ounces (50.64-million tonnes at 3.46 grams per tonne) to 9.63-million ounces (64.62-million tonnes at 4.64 grams per tonne). The detailed resource declaration is contained in the table below.

		Tonnes (Mt)	Grade (g/t)	Gold Content (Moz)
<b>Indicated</b>	Sub Nigel: Main Reef <sup>1</sup>	2.91	3.25	0.30
	West Vlakfontein/Spaarwater: Main Reef <sup>2</sup>	18.64	4.53	2.71
	<b>Total Indicated<sup>3</sup>:</b>	<b>21.55</b>	<b>4.36</b>	<b>3.02</b>
<b>Inferred</b>	Sub Nigel: Main Reef <sup>1</sup>	1.64	4.39	0.23
	West Vlakfontein/Spaarwater: Main Reef <sup>2</sup>	47.42	4.77	7.28
	West Vlakfontein/Vlakfontein: Big Pebble Marker <sup>2</sup>	15.56	4.25	2.12
	<b>Total Inferred<sup>3</sup>:</b>	<b>64.62</b>	<b>4.64</b>	<b>9.63</b>
<b>Total Indicated and Inferred<sup>3</sup>:</b>		<b>86.17</b>	<b>4.57</b>	<b>12.65</b>
<sup>1</sup> Signed-off by Minxcon, independent resource consultants to Gold One Audited by SRK Depletion undertaken by Gold One Quoted at a cut-off of 160 cmg/t <sup>2</sup> Signed-off by Dr I.C. Lemmer, independent resource consultant to Gold One Audited by SRK Quoted at a cut-off of 250 cmg/t <sup>3</sup> Total resources may not appear additive due to rounding				

The majority of the Megamine resource (83%) comprises the Main Reef, estimated to a maximum depth of approximately 2,500 m below surface, while the balance includes the Big Pebble Marker Reef (BPM Reef), estimated between depths of approximately 500 m and 1,200 m below surface. The Main Reef has been extensively mined throughout the East Rand Goldfield and is currently being extracted at Gold One's Sub Nigel operation. The defined Main Reef resources represent the strike and down-dip extensions to the previously mined Vlakfontein and Sub Nigel operations. The BPM Reef, part of the Kimberley Reef Horizons, has been mined previously in other parts of the Witwatersrand Basin but not in the East Rand. These resources have been defined on the basis of surface exploration boreholes only. The extension of the BPM Reef resource is projected to surface within the Megamine prospecting and mining area and represents a substantial exploration target.

In addition to the Main Reef and BPM Reef, the UK9a Reef (occurring some 30 m above the BPM Reef), which has been mined extensively in the eastern portions of the East Rand, has also been modelled and recognised as a significant exploration target. This exploration target occurs from surface level to depths in excess of 1,000 m.

A scoping study based on the updated Megamine resources has commenced. This study will essentially consider three aspects of the project including:

- 1) Increasing production at the Sub Nigel operation
- 2) Potential for utilising existing shaft infrastructure to access shallow Kimberley orebodies (BPM and UK9a reefs)
- 3) Conceptual design for accessing the deeper Main Reef.

### 3.4. East Rand Boundary Project

The East Rand Boundary Project (ERBP) includes the shallow portions (less than 500 m below surface) of Gold One's New Kleinfontein, Turnbridge and Modder North properties. The Main Reef has been selectively mined on these properties previously and the project is aimed at evaluating remaining unmined areas.

Resampling at the Turnbridge property has been completed with in excess of 2,000 samples being collected for 567 complete sample sections in historic underground workings. This information has been used to update geological models and resource estimates. The resource estimate has been completed and will be audited by SRK Consulting during the fourth quarter of 2010. On the basis of the updated resource, a pre-feasibility study is currently being completed on the Turnbridge property, which will also be used to lodge an application for a mining right over this area.

At Modder North, 1,503 samples have been collected from the historic underground workings. These have been utilised to verify historic sampling results and refine existing geological models. During the fourth quarter of 2010, this data will be utilised to determine resources for the Modder North property. This resource will represent the first resource declared over Modder North by Gold One.

The total exploration expenditure on this project during the third quarter amounted to ZAR1.2-million, which included the underground sampling at Modder North and consultants fees associated with the resource estimation for Turnbridge.

## 4. Resources and Reserves

Following the Megamine resource upgrade, Gold One's total resource base has increased to 20.42-million ounces, including 7.08-million ounces (59.11-million tonnes at 3.73 grams per tonne) in the indicated category and 13.34-million ounces (97.34-million tonnes at 4.26 grams per tonne) in the inferred category.

<b>Gold One International Consolidated Mineral Resource Statement</b>				
		Tonnes (Mt)	Grade (g/t)	Gold content (Moz)
<b>Indicated</b>				
	Modder East <sup>1,2</sup>	28.83	2.84	2.63
	Megamine <sup>3</sup>	21.55	4.36	3.02
	Ventersburg <sup>4</sup>	8.73	5.12	1.44
	<b>Total Indicated:</b>	<b>59.11</b>	<b>3.73</b>	<b>7.08</b>
<b>Inferred</b>				
	Modder East <sup>2</sup>	14.98	2.16	1.04
	New Kleinfontein and Turnbridge <sup>5</sup>	4.27	6.00	0.83
	Ventersburg <sup>4</sup>	13.48	4.24	1.84
	Megamine <sup>3</sup>	64.62	4.64	9.63
	<b>Total Inferred:</b>	<b>97.34</b>	<b>4.26</b>	<b>13.34</b>
	<b>Total Indicated and Inferred: <sup>6</sup></b>	<b>156.46</b>	<b>4.06</b>	<b>20.42</b>

<sup>1</sup> Mineral Resources are quoted inclusive of ore reserves

<sup>2</sup> Signed-off by Minxcon, independent resource consultants to Gold One, audited by SRK

<sup>3</sup> Signed-off by Dr I.C. Lemmer and Minxcon, independent resource consultants to Gold One, audited by SRK

<sup>4</sup> Signed-off by Minxcon, independent resource consultants to Gold One

<sup>5</sup> Signed-off by Camden Geoserve, independent resource consultants to Gold One, audited by SRK

<sup>6</sup> Resources are reported in accordance with SAMREC guidelines (estimates would be identical if reported in accordance with JORC standards)

<b>Gold One International Mineral (Ore) Reserve Statement <sup>1</sup></b>				
<b>Probable</b>	<b>Modder East</b>	Tonnes (Mt)	Grade (g/t)	Gold content (Moz)
	BPLZ	5.39	6.09	1.06
	UK9a	2.26	4.13	0.30
	<b>Total Probable:</b>	<b>7.65</b>	<b>5.51</b>	<b>1.36</b>

<sup>1</sup> ZAR6.585/US\$1, gold price = USD629/oz

<sup>2</sup> Reserves are reported in accordance with SAMREC guidelines (estimates would be identical if reported in accordance with JORC standards)

## 5. Goliath Gold Mining Limited

On 13 October 2010, Gold One announced the creation of Goliath Gold Mining Limited\*, a gold focused exploration and development company. Goliath Gold will be formed through the reverse acquisition of White Water Resources Limited\*, an investment holding company, which will house Gold One's Megamine portfolio. Gold One will crystallise A\$38.6-million (ZAR260-million) of value for Megamine as part of the transaction. Following the completion of the deal in 2011, Gold One will hold a minimum of 74% of Goliath Gold and will account for its holding on a consolidated basis; allowing Gold One shareholders to retain exposure to the over 12-million ounce portfolio as the majority shareholder in Goliath Gold.

Goliath Gold represents a vehicle through which Gold One will continue to develop its medium-depth resources without detracting from the Gold One's stated strategy of developing shallow projects, and will ensure that the future strong cash flow status from Modder East remains ring fenced for Gold One shareholders.

In addition to the existing JORC Code- and SAMREC Code-compliant resource base of 12.65-million ounces (refer to table in Section 3.3. of this report), the newly formed entity will own the operating Sub Nigel 1 Shaft. This shaft was recommisioned by Gold One in 2008/2009, with the primary objective of being utilised as a training facility for Modder East. As such, mining activities undertaken at Sub Nigel to date have not had a strong economic focus and production volumes have seldom exceeded 5,000 tonnes per month. A scoping study undertaken for the Sub Nigel 1 Shaft in 2007 suggested a potential shaft hoisting capacity of 20,000 tonnes per month. As part of the newly formed Goliath Gold, this scoping study will be revisited, with a view to determine opportunities of short term production volume increases at the Sub Nigel 1 Shaft. As part of this study, the viability of constructing a new processing plant will also be considered, however in the short term, the opportunity exists to process mined ore at Gold One's Modder East plant through a toll treating arrangement.

Although the majority of Goliath Gold's resource base comprises the Main Reef, geological modelling has identified significant exploration targets in the BPM and UK9a Kimberley Reefs. These orebodies occur from surface to depths in excess of 1,000 m within Goliath Gold's prospecting and mining rights areas. In the shallower areas (at depths of approximately less than 600 m below surface) opportunities exist to utilise existing shaft infrastructure to gain rapid access to these orebodies. This represents an immediate exploration opportunity, and surface exploration drilling is planned to commence during 2011 to determine the economic viability of the BPM and UK9a reefs in the proximity of existing shaft infrastructure.

The longer term target for Goliath Gold will be the Main Reef. This orebody occurs at depths of between approximately 1,000 m and 2,500 m below surface. Importantly, these resources are disconnected from historical workings in the East Rand Basin and therefore are not linked to the current underground flooded workings. Future exploration through surface drilling will be aimed at confidently delineating higher grade channelised areas that will form the initial targeted production of the Main Reef. On the basis of these exploration results, economic scoping and pre-feasibility studies will be undertaken. The fact that this area has not been reliant on extensive historic mine infrastructure provides an opportunity for these studies to consider the use of appropriate and modern technologies and mining methods, to optimise efficiencies and minimise costs.

Goliath Gold represents a project that has short, medium and longer term growth potential, which will be investigated and advanced through the current scoping studies and planned exploration activities.

For full details of the transaction please visit [www.goliathgold.co.za](http://www.goliathgold.co.za).

\*Proposed acquisition of the deeper level assets of Gold One Africa Limited by White Water Resources Limited resulting in a reverse acquisition of White Water Resources by Gold One Africa, subsequent mandatory offer by Gold One Africa to White Water Resources shareholders, and renewal of cautionary announcement by White Water Resources as announced on 13 October 2010.

## **6. Financial Review**

### **6.1. Overview**

Revenue for the quarter increased by 59% to US\$23.5-million and group cash operating costs were US\$10.1-million, resulting in a 63% increase in operating cash flow of US\$13.4-million. Development and capital expenditure for the quarter across the Modder East and Sub Nigel projects was US\$8.5-million, resulting in a net US\$ 4.9-million positive cash flow from the Modder East and Sub Nigel projects.

Gold One ended the third quarter of 2010 with US\$9.2-million of cash on hand and receivables (received from the Rand Refinery on 1 October 2010), compared to an end of June 2010 quarter cash on hand and receivables balance of US\$8.6-million. The quarterly interest payment of US\$1.27-million on the company's 501 convertible bonds was made in September 2010.



## 6.2. Refinancing of the Convertible Bonds

On 7 October 2010, Gold One notified the market that it had received credit approval from two leading international banks – Absa Capital (a division of Absa Bank Limited) and BNP Paribas – for a US\$65-million loan facility. This facility will ensure Gold One has the capacity to refinance all of its convertible bonds, should some or all of the bondholders exercise their once-off put option in December 2010.

The facility has a maximum term of four-and-a-half-years with interest and capital payments only commencing in June 2011. Capital payments will be structured to take into account the ramp up of production at Modder East. The facility will bear interest at a market related rate based on the US dollar London Interbank Offered Rate, which is currently around 0.3%. Gold One will enter into a hedging programme typical for a facility of this nature. The advance of the facility is subject to conclusion of legal documentation and the fulfillment of certain conditions precedent.

Key outstanding conditions precedents include the amendment of and obtaining of consent for the cession of several agreements of the Modder East mine and the obtaining of certain additional insurances commonly required for a project finance facility both of which are well on track. Exchange control approval from the South African Reserve Bank for a US dollar denominated loan has also been received.

## 7. Outlook

With the successful establishment of mining in the Raise Line 2 area, production build up is anticipated to continue into the fourth quarter of 2010. As the festive season is traditionally disruptive due to the number of holidays, production has been forecast as between 20,000 and 22,000 ounces for the December 2010 quarter.

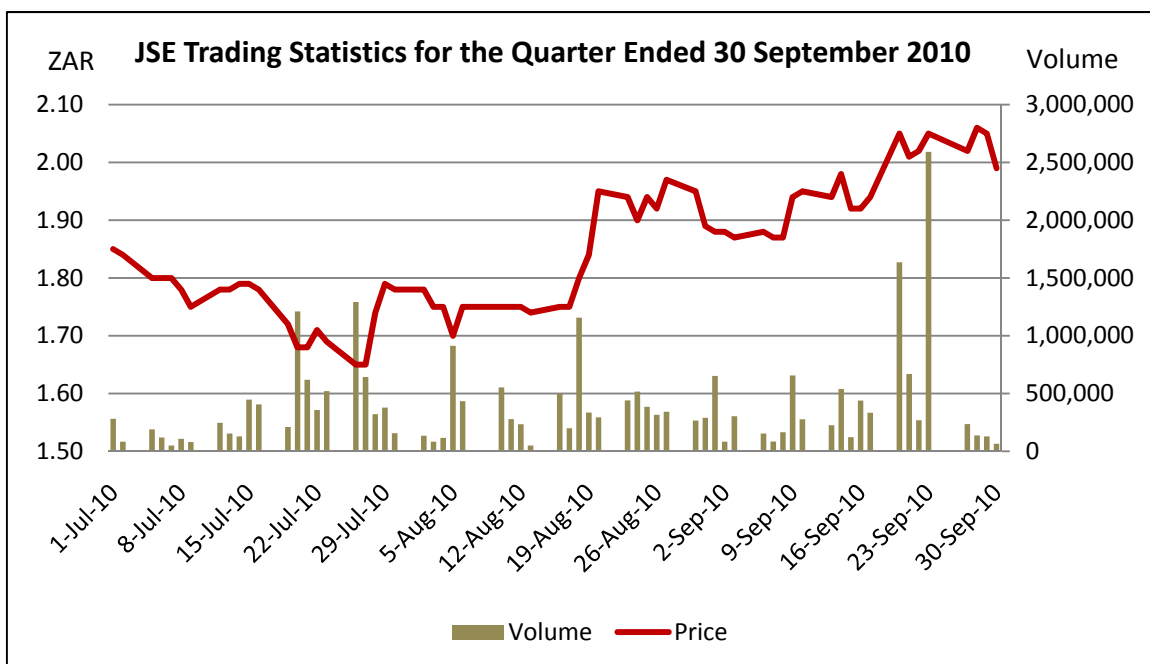
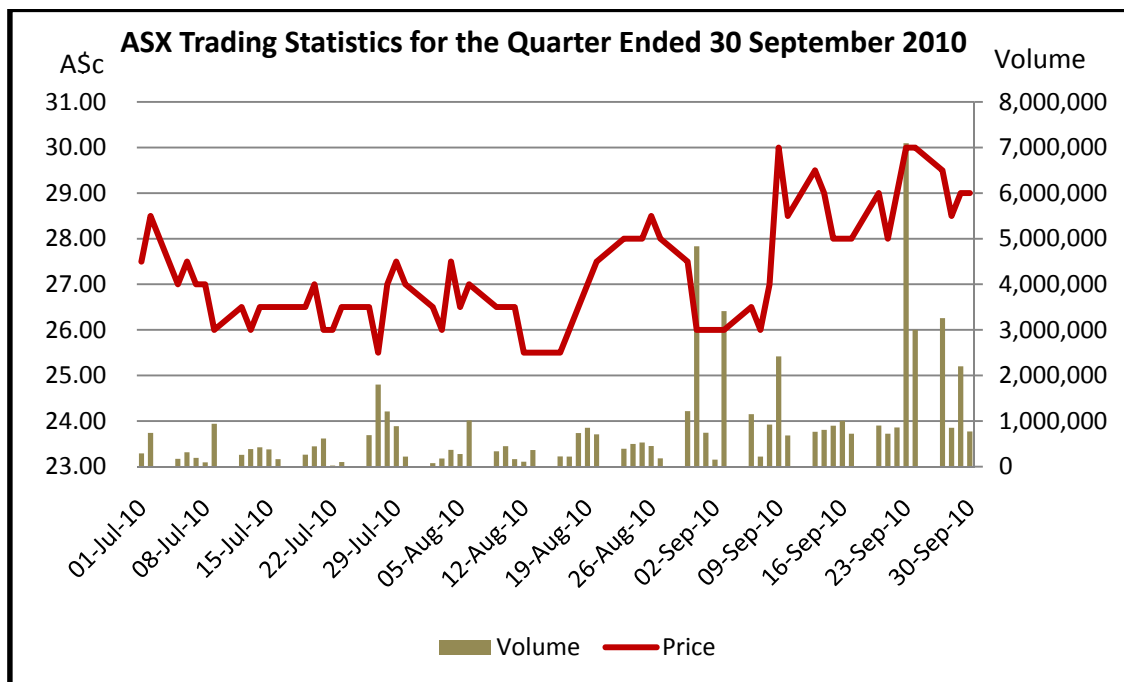
A key milestone to be attained during the fourth quarter will be the execution of the agreement with Absa Capital and BNP Paribas relating to the US\$65-million debt facility, allowing Gold One to draw down on the debt facility to refinance all of the convertible bonds in December 2010, should some or all of the company's bondholders exercise their once-off put option.

In addition, the company will progress with the implementation of the Goliath Gold transaction including the signing of transaction agreements, the release of financial effects and the publication of circulars. The proposed date for the shareholders meeting is still to be finalised.

Resources and reserves have been updated for Modder East on the basis of newly acquired underground information and surface drillhole intersections. In addition, the resources for Ventersburg have been updated having considered drilling undertaken in the latter half of 2009 and 2010. Both these resources are being currently audited by SRK Consulting and will be published once this audit process is completed. The ERBP resources will also be completed during the fourth quarter. Production guidance for 2011 will be provided after the annual planning and budgeting cycle for 2011 has been completed in December 2010.

## 8. Capital Structure

As at 30 September 2010, Gold One had 806,268,333 shares in issue of which 428,740,533 (53%) were held on the Australian register and 377,527,800 (47%) were on the South African register.



## ENDS

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**[www.gold1.co.za](http://www.gold1.co.za)**

Neal Froneman	<i>President and CEO</i>	+27 11 726 1047 (office)	+27 83 628 0226 (mobile)	<a href="mailto:neal.froneman@gold1.co.za">neal.froneman@gold1.co.za</a>
Ilja Graulich	<i>Investor Relations</i>	+27 11 726 1047 (office)	+27 83 604 0820 (mobile)	<a href="mailto:ilja.graulich@gold1.co.za">ilja.graulich@gold1.co.za</a>
Carol Smith	<i>Investor Relations</i>	+27 11 726 1047 (office)	+27 82 338 2228 (mobile)	<a href="mailto:carol.smith@gold1.co.za">carol.smith@gold1.co.za</a>
Derek Besier	<i>Farrington National Sydney</i>	+61 2 9332 4448 (office)	+61 421 768 224 (mobile)	

### About Gold One

Gold One is a gold producer listed on the financial markets operated by the ASX Limited and the JSE Limited, issuer code GDO. Its flagship operation is the newly built shallow Modder East mine on the East Rand, some 30 km from Johannesburg.

Modder East is the first new mine to be built in the region in 28 years and distinguishes itself from most of the other gold mines in South Africa owing to its shallow nature (300 m to 500 m below surface). To date Modder East has provided direct employment opportunities for over 1,100 people. Gold One also owns the nearby existing Sub Nigel mine, which is used primarily as a training centre in the build-up of Modder East to full production. Gold One's other projects and targets include Ventersburg in the Free State Goldfields, the Tulo concession in Mozambique and the Etendeka greenfield project in Namibia. Gold One has an issued share capital of 806,307,667 shares.

#### Office details

##### **Sydney Head Office**

Level 3, 100 Mount Street North Sydney NSW 2060  
PO Box 1244 North Sydney NSW 2059  
Telephone: +61 2 9963 6400  
Fax: +61 2 9963 6499

##### **Johannesburg Corporate Office**

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

#### Issued capital

806,307,667 shares in issues  
Options (listed and unlisted: 85,806,927)  
ADR ratio 1:10

#### Stock Exchange Listings

ASX /JSE Limited: GDO  
OTCQX International: GLDZY

#### Directors

- NJ Froneman (President and CEO)
- CD Chadwick (Chief Financial Officer)
- MK Wheatley (Non-Executive Chairman)
- BE Davison (Non-Executive Director)
- KV Dicks (Non-Executive Director)
- WB Harris (Non-Executive Director)
- S Swana (Non-Executive Director)
- KJ Winters (Non-Executive Director)
- PB Kruger (Company Secretary)

#### Registrars

Registries Limited  
Level 7  
207 Kent Street  
Sydney  
NSW  
Australia  
2000  
Tel: +61 2 9290 9600

#### South African Transfer Secretaries

Computershare Investor Services  
70 Marshall Street  
Johannesburg  
2001

#### Level 1 ADR sponsor

The Bank of New York Mellon  
Depository Receipts Division  
101 Barclay St, 22nd Floor  
New York, New York 10286 USA  
Tel: +1 212 815 3700  
Fax: +1 212 571 3050

#### Auditors

PricewaterhouseCoopers  
201 Sussex Street  
Sydney, New South Wales 1171  
Australia  
Telephone: +61 2 8266 0000

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#### FORWARD-LOOKING STATEMENT:

*This release includes certain forward-looking statements and forward-looking information. All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Gold One International Limited are forward-looking statements (or forward-looking information) that involve various risks, assumptions and uncertainties. There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in such statements. Important factors could cause actual results to differ materially from Gold One's expectations. Such factors include, among others: the actual results of exploration activities; actual results of reclamation activities; the estimation or realisation of mineral reserves and resources; the timing and amount of estimated future production; costs of production; capital expenditures; costs and timing of the development of Modder East and new deposits; availability of capital required to place Gold One's properties into production; the ability to obtain or maintain a listing in South Africa, Australia, Europe or North America; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, economic and financial market conditions; political risks; Gold One's hedging practices; currency fluctuations; title disputes or claims limitations on insurance coverage. Although Gold One has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.*

*Any forward-looking statements in this release speak only at the time of issue. There can be no assurance that such statements will prove to be accurate as actual values, results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Gold One does not undertake to update any forward-looking statements that are included herein, or revise any changes in events, conditions or circumstances on which any such statement is based, except in accordance with applicable securities laws and stock exchange listing requirements.*

#### COMPETENT PERSON

*The information in this release that relates to exploration results, mineral resources or ore reserves is based on information compiled by Dr Richard Stewart, who has a doctorate in geology and who is a professional natural scientist registered with the South African Council for Natural Scientific Professions (SACNASP), membership number 400051/04. Dr Stewart is also a member of the Geological Society of South Africa (GSSA) and the vice president of geology for Gold One, with which he is a full-time employee. He has 10 years' experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person for the purposes of both the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code). Dr Stewart consents to the inclusion in this release of the matters based on information compiled by Gold One employees and it's consultants in the form and context in which they appear. Further information on Gold One's resource statement is available in the pre-listing statement of Gold One International Limited issued on 19 December 2008 and in the resource statements released by Gold One on the Stock Exchange News Service (SENS) on 11 and 13 October 2010 concerning the company's Megamine and Goliath Gold Mining Limited respectively.*

#### SAMREC AND JORC TERMINOLOGY

*In addition, this release uses the terms 'indicated resources' and 'inferred resources' as defined in accordance with the SAMREC Code, prepared by the South African Mineral Resource Committee (SAMREC), under the auspices of the South African Institute of Mining and Metallurgy (SAIMM), effective March 2000 or as amended from time to time and where indicated in accordance with the Canadian National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The terms 'indicated resources' and 'inferred resources' are also defined in the 2004 Edition of the JORC Code, prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA). [The use of these terms in this release is consistent with the definitions of both the SAMREC Code and the JORC Code.]*

*A mineral reserve (or 'ore reserve' in the JORC Code) is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate at the time of reporting that economic extraction can be justified. A mineral reserve includes diluting materials and allows for losses that may occur when the material is mined. A proven mineral reserve (or 'proved ore reserve' in the JORC Code) is the economically mineable part of a measured resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. A probable mineral reserve (or 'probable ore reserve' in the JORC Code) is the economically mineable part of an indicated mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit.*

*A mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic*

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extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough to confirm both geological and grade continuity. An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough for geological and grade continuity to be reasonably assumed. An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited exploration and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in the measured and indicated resource categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will be ever be upgraded to a higher category. Under South African and Australian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except under conditions noted in the SAMREC Code and the JORC Code, respectively.

Investors are cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable. Exploration data is acquired by Gold One and its consultants under strict quality assurance and quality control protocols.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.